shelf

FEBRUARY, 1956

1

Credit and FINANCIAL MANAGEMENT

Setting Line of Credit Demands Facts First, Finance Leaders Agree

Mechanize Order Data; Bring Warehouse Close

Credit Man Will Make Electrical Thinker Think

Unity or Political Rule Of Petroleum Industry

"Magic Coin of Commerce, But—" *(See p. 1*

VOLUME 58 NUMBER 2

EDITOR'S MAIL

Requests Complete Set

"I was particularly pleased to find in the December issue of FINANCIAL MANAGEMENT the index to articles published in 1955. In reviewing this index I find many items of particular interest that for one reason or another I had missed during the year. Our copies of your magazine have been distributed throughout our organization so are no longer available.

"Would it be possible to purchase a complete set of the monthly issues for the year 1955? This would be most helpful to us as a reference library.

"We wish to compliment you on your excellent publication."

R. WHIPPLE

Treasurer, The Birge Company, Inc., Buffalo, N. Y.

Editor's Comment:—***Many credit and financial executives annually arrange for a bound volume of* Credit and Financial Management. *Available are a limited few cloth-bound volumes of the 1955 issues.***

Other executives use the loose binder to insert copies each month as received. ***See advertisement page 35.***

New Heights

"While CREDIT AND FINANCIAL MANAGEMENT has always been an excellent publication and of great help to all those in the financial departments of businesses, I feel that for the past several months it has soared to new heights of helpfulness so far as I am concerned.

"The specific problems and the solutions to those problems that have been given are very, very helpful. The article in the December issue detailing the steps an attorney may take when a claim has been referred to him for collection is not only interesting but most helpful.

"Keep up the good work."

T. E. ROBINSON

Treasurer, Arvin Industries, Inc., Columbus, Indiana

High Quality

"I want to compliment you on the continuing high quality of the magazine as a whole, and for the treatment accorded my little contribution, 'A Problem—And How It Was Solved.'"

A. P. BRIGHAM

Credit Manager, Pet Milk Company, St. Louis

EDITORIAL

Henry H. Heimann
Executive Vice-President

CREDIT versus KREMLIN

AS EVERYONE familiar with credit transactions knows, an essential need in sound credit is character. Perhaps on rare occasions you may find that the true character of an individual differs somewhat from his or her credit character. Generally, however, character is set and fixed. It is in the broader sense spiritual and economic value that is reflected in our daily life in all our services, activities and dealings.

In this month of February we celebrate the birthdays of two of our greatest patriots. Both possessed great credit character. This priceless possession was reflected in their acts and deeds. The one, a man of means—General Washington—knew the value of sound credit. The trials and sufferings at Valley Forge emphasized how serious a credit problem can become.

The other, a man born in poverty—Abraham Lincoln—worked years to keep his credit good. A default was to him merely an incentive towards greater industry and thrift so that he might fully confirm the credit character he knew he possessed. In his business failures he did not write out his creditors. Instead, he kept them constantly in mind and did not rest until he had paid them in full. He did so with gratitude in his heart and soul.

Contrast these, if you will, with the credit department of those in charge of the Communistic party. The greatest default in credit found in the recorded pages of civilization is that of the Communistic regime. Its defaulted international debts total over six billion dollars. Russia's share alone is more than four and a half billions and that of her satellites a billion and a half.

When they took charge of a country by means of a bloody revolution, one of their first acts was to repudiate all debts incurred by all previous governments. That was in 1917. They did not pause to make inquiry as to whether people who were creditors had a just claim. They simply said to their creditors: "You may as well forget about what we owe you because you will never get it." This is one promise they kept. No creditor has received a penny on these just debts.

Here then is a good illustration of what a world-wide Communistic philosophy would do to credit. Aside from the human factors which of course are even more important, on a credit basis alone the Communistic regime stands condemned. If they controlled the world they would destroy overnight that which in business and in modern life has been the beacon-light of civilization's progress, namely, sound credit honestly conceived, utilized and merited on a basis of mutual confidence. Little wonder then that the Communists have credit troubles. Any credit man worthy of the profession must recognize that the fundamentals of honest credit are seldom found in the Kremlin policies.

How could a modern world so intrinsically dependent on credit survive if the Communist leaders and their philosophies exercised world-wide control? The ensuing collapse of credit worthiness, of credit principles and credit honesty would soon envelop the world in darkness.

THE FEBRUARY COVER

CREDIT, the "magic coin of commerce," calls for intelligent application, with the credit manager a member of the management team, blending credit activities at the policy level with the interests of the company as a whole, says Reese H. Taylor, president of Union Oil Company of California. (See page 14).

The thesis so often pronounced in these columns, that true credit today is geared to development of increasing profitable sales volume, has long been expounded in operation of Union Oil Company, under President Reese H. Taylor, shown (seated) in the cover picture with Robert D. Roberts, chief credit manager.

Mr. Taylor, after U. S. Army Service, joined the Llewellyn Iron Works in 1922. The company was merged into Consolidated Steel Corporation, Ltd. in 1929 and four years later he was named president of the Corporation. In 1938 he became president of Union Oil.

With Union Oil more than 38 years—general credit manager since 1954—Mr. Roberts served several terms as chairman of the Petroleum Group of Credit Managers in Oakland, San Francisco and Los Angeles. In wholesale credit he became president of the Credit Managers Association of Southern California and the Los Angeles chapter of the National Institute of Credit (he taught credit principles and practices in U.C.L.A.'s extension division).

He's been president of the Los Angeles Retail Credit Associates, district president and national director of the National Retail Credit Association.

CREDIT and FINANCIAL MANAGEMENT

DEVOTED TO INDUSTRY ★ FINANCE ★ COMMERCE

General Manager, Edwin B. Moran
Official Publication of The National Association of Credit Men

VOLUME 58 **NUMBER 2**

IN THIS ISSUE

EDITOR Ernest A. Rovelstad

ASSOCIATE EDITOR Lillian Bermont

CONTRIBUTING EDITOR Carl B. Everberg, Atty.

ADVERTISING & BUSINESS MANAGER Edwin B. Moran

ADVERTISING REPRESENTATIVES

Send copy and plates to 229 Fourth Ave., New York 3.

Chicago, Ill.—*Russell Smith*, 205 West Wacker Drive. Phone: DEarborn 2-5091.

New York, N.Y.—*Publishers Associates*, 1133 Broadway, New York 10, N.Y. WAtkins 9-4290.

Published monthly on the 20th of month preceding date of issue by the National Association of Credit Men, 1309 Noble St., Philadelphia 23, Pa.

Second class mail privileges authorized at Mt. Morris, Ill. Application pending transfer to Phila., Pa.

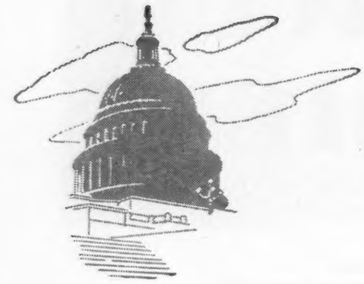
Subscription price $3.00 a year, 25c per copy; Canada, $3.50; all other countries, $4.00 postpaid.

MPA BPA

Publication Office:
1309 Noble St., Philadelphia

Editorial, Advertising and Executive Offices: 229 Fourth Ave., New York 3, N.Y. ORegon 4-5100. Midwest Office: 33 So. Clark St., Chicago 3, Ill. ANdover 3-3096.

(Address all editorial and advertising material to the New York office.)



Washington

¶ MORE of the income dollar of Mr. and Mrs. America is being used to pay off instalment debt (not including mortgage debt) than ever before, says the Federal Reserve System, in a trend evident since 1952 year-end and steadily growing now. At the earlier end of that time-span a little over 10 cents of the dollar went to that purpose; in the third quarter of last year it was 11.8 cents of the take-home dollar.

The proportion of the rise to "disposable income" was not so steep in 1954 as the expansion in new credit, for cited reasons of increased incomes and extended repayment terms.

While the increase of repayments "led to some reduction in funds available to consumers," concomitantly there was a sharp increase of new credit extension, excepting a noticeable drop of the latter in October while repayments continued to advance. Overall, however, outstanding debt had increased by $5 billions from October 1954.

As might be surmised, automobile credit set the high mark in 1955, at 72 per cent by the third quarter as against 70 per cent in 1954 and 59 per cent in 1953, same periods. Line of credit had eased to 30 months, some 42 months, contrasted with 24 months a year earlier.

At the same time, Federal's survey indicated, the credit rise had not been accompanied by a proportionate increase of payment delinquencies; in fact, the delinquency rate in commercial banks was called the lowest in recent years.

¶ NEW "STANDBY CREDIT" on home mortgages, adopted as a policy at year-end by the Federal Home Loan Bank, opened the gates for an estimated available $1 billion for new mortgage credit by the loosening of certain restrictions on the 4,317 Federal savings and loan institutions. The opening came with a slight modification of the ruling of last September that the institutions would have to depend upon their own resources for the financing of any new housing credit.

Chairman Walter W. McAllister of the Home Loan Bank Board estimated a 1955 record $11 billions total loans by savings and loan associations, $3 billions more than in 1954. The total money borrowed from the bank system before the modification of restrictions, he said, represented less than 5 per cent of all savings by members. Mr. McAllister called the new policy the result of the "success of member institutions in bringing their commitments under control." He said members had acted to reduce construction commitments from $2.4 billions in September to $1.6 billions January 1, paralleling the volume held at the end of 1954.

¶ MOST major industries will continue operating at or near peak through the first half of this year, according to a survey by the 25 industry divisions of the Commerce Department's business and defense services administration, according to Secretary Sinclair Weeks.

A highlight of the report was the estimate that iron and steel would continue its record-making to possibly the highest point in history in the first six months, with new facilities compensating any shutdowns for repairs.

¶ HALVING of the period for which private lenders must hold insured farm purchase loans before the Government will buy the notes—five years instead of the previous ten—was proffered by the Department of Agriculture with the objective of effecting more active private participation in the loan program.

The Department's farmers home administration insures payment of farm purchase loans made to approved borrowers, under this program, corresponding to the Federal housing administration's insurance of loans of approved home purchase borrowers.

Payability of the farmers' insured loans over a period up to 40 years is not affected by the change.

¶ BATTLING against textile competition from Japan, the American Cotton Manufacturers Institute has asked Ezra T. Benson, secretary of agriculture, to initiate proceedings for a quota on cotton textile imports under section 22 of the Agricultural Adjustment Act. That section was designed to protect farm price support programs from interference by imports. It has been used on a number of farm products but never on finished manufactures like textiles.

¶ WHAT is the book value of inventories of both manufacturing and trade concerns in America? Well, it was about $88 billions at the end of the third quarter, the office of business economics of the Department of Commerce estimated. That

was $2.7 billions larger than a year ago. Fall inventories were $1 billion less than the high of two years ago; monthly sales over the period had grown $5 billions, or 9 per cent.

Inventories kept rising but "the rate of inventory accumulation showed no further tendency to accelerate during the third quarter, on the basis of seasonally adjusted data. The rise in sales to final users outstripped the increase in output during the third quarter." And the additions to inventories accounted for less than 1 per cent of the gross national product in the year.

Manufacturing industries showed sales rising faster than inventories. "In general, the pattern of temperate increases in inventories accompanying greater relative advances in sales has characterized all major manufacturing industries." The inventory book values of both durable and nondurable goods manufacturers, especially the former, are still below the high points of Fall 1953.

Most increases in manufacturing inventories since September 1954 have been in working stocks rather than finished goods ready for shipment.

OFFICIAL TEXTS—of all mobilization agency regulations may be had, free of charge, by writing the Information Division of the agency involved, Washington 25, D.C.

THE FEDERAL REGISTER—a Government daily publication, which contains full texts of all regulations, is available from the Superintendent of Documents, also at Washington 25.

¶ NOW EFFECTIVE is an agreement sponsored by the United Nations that permits, by an international convention, a freer interchange of commercial samples and advertising materials, first proposed two decades ago. By Great Britain's ratification, the required 15th signature, comes an easing of restrictions on traders seeking new export markets. The International Chamber of Commerce pushed the proposal, not yet finally ratified by the United States though in 1952 it had approved the draft of the convention. President Eisenhower has asked the Senate to act.

¶ PRODUCTIVITY of American factory workers per year increased between 3 and 3.6 per cent (depending upon the method of estimating used) since the 1947-53 postwar period, says the Bureau of Labor, a gain just about the same as the estimated 50-year 3.3 per cent average annual increase since 1900. Thus each worker's hourly output doubles in 20 years, and the standard of living goes up correspondingly.

Productivity rise is better than 3.3 per cent when wartime controls are not in operation, the report shows; wars and slumps drastically reduce the normal gain of productivity. In terms of quality improvement, the statisticians say that if there were any way to measure that, the percentage of productivity increase undoubtedly would have been much higher.

While the report covers only production workers in manufacturing, a comparison with the general picture is to be had from a study made recently by the Congressional Joint Committee on the Economic Report. This indicated a 3.5 per cent rise in the private economy as a whole, including agriculture, mining, construction, trade, transportation and other areas of production.

¶ THE NEWEST increase in the discount rate—the rate banks pay for loans from the Federal Reserve—brought speedy action by the Guaranty Trust Company and Chase Manhattan Bank of New York in raising the interest rates they charge on brokers' loans, the interest going from 3½ to 3¾ per cent for most brokers' and dealers' loans. The Federal Reserve's latest discount rate rise made it 2½ per cent, from 2¼, in a move interpreted as evidence of Federal's conviction that the expansion of the economy still was too fast.

Factors considered by the Reserve's directors were: (1) Some economic areas were nearing capacity levels in use of men and materials and so were pressuring prices upward, as in building construction; (2) the stock market continued buoyant; (3) expectation of unreasonable future growth was aroused by the economic surge, and (4) unseasonal increase of bank loans to business was elevating prices more than expanding business. Federal Reserve officials still saw potential disturbance to the economy should the advancing mortgage lending and consumer credit activity reach a point where repayments should overtake new borrowing.

Federal notes that consumer instalment credit again set a new high in October (latest figures available at this writing). The month-to-month increase, however, was the lowest since February. The total outstanding became $26.963 billions by a $264 million increase in the month, the ninth consecutive month of new top record.

Automobile credit, reaching $14.095 billions by an increase of $166 millions, nevertheless showed the smallest month-to-month gain since January. For the 20th straight month personal loans set a new record: up $13 millions to total outstanding $5.324 billions.

So total consumer debt—instalment and noninstalment credit—moved up $347 millions in October to a total of $34.64 billions, seventh successive new-record-making month, setting total consumer credit $5.665 billions higher than in October 1954, $5.011 billions of it in auto instalment credit, repair and modernization loans, personal loans and other forms of credit acceptance from consumers. The model changeover period was the ascribed reason for the lower month-to-month rise in automobile credit.

Can't Set a Line of
But Getting All the

How do you go about setting up a line of credit? What facts must be taken into consideration? How is the line of credit arrived at? Can a percentage of the net worth of a customer be used as a basis?

NOTING that the symposiums appearing in *Credit and Financial Management* "have been most informative and helpful to those in the particular fields discussed," Francis J. Nagle, assistant credit manager, White Fuel Corporation, Boston, presented the questions posed above for a symposium in pursuit of experience-data for credit men and women in the petroleum industry. *Credit and Financial Management* widened the area of inquiry as a general roundup of opinion on line of credit. Here are representative replies.—Ed.

Asks Periodic Statements To Put End to Guesswork

EUGENE W. WALRATH, Credit Manager, John Deere Plow Company, Syracuse, New York

NO practical credit executive ever expects to work out lines of credit with a positive, closely defined formula. There are altogether too many intangibles to be considered.

On the other hand, I am convinced that there should be some practical guideposts which can be determined from the pure capital aspects of the financial situation. These must be simple because any involved procedure would not be workable for constant use in everyday credit work. I have read some writings which reduce the proposition to an algebraic formula; some credit people use net worth as a basis while others claim they must go solely on the basis of their present and past experience. There should be more workable and precise methods, especially with modern day credit conditions operating on such a "fast track."

The Next Step

When we set up credit lines, we do so in an attempt to determine within the bounds of reasonable forecasting that payment will be received within the terms of the maturity date. Therefore, it seems as if the primary conditions are closely allied with the factors of working capital turnover. For general background knowledge, the credit executive should then know whether the account is operated within the general working capital turnover structure for his particular industry. A too rapid turnover would indicate a tendency toward overtrading; whereas, a subnormal turnover would indicate inefficient employment of working funds, i.e., perhaps lack of aggressive sales effort.

The predominant factor in working capital turnover is inventory turnover and there will be a positive and continuing relationship between the two of them if terms remain constant and the receivables position is maintained.

Let us suppose that the average net working capital turnover in an industry happens to be five times with the average inventory turnover three times. If customer A's turnover of working capital turns out to be six times with an inventory turnover of 2 times, it will be ascertained that both of these turnovers are outside the average for the industry and in the wrong direction. In other words, the inventory is not spinning fast enough to be converted to cash for payment of bills.

Decreased inventory turnover results in higher average inventories and increases working capital requirements. The higher than normal working capital turnover coupled with lowered inventory turnover indicates that suppliers are not receiving payments as due, thereby being forced to supply a part of the additional working capital automatically demanded in the form of unusual credit, or the customer is forced into excessive short-term borrowing.

NOTE: Perhaps a word of caution should be injected concerning excessive reliance upon industry averages. It is much more effective for the credit executive to collect the material to make up the averages for his own customers.

Hence, inventories must always be in line with net working capital or working capital will not turn normally, thereby failing to complete the trading cycle a sufficient number of times for cash to be available to meet payment of current liabilities as they mature.

It goes without saying that due allowance must be made for the peaks and the lows of the selling season. If the supplier knows closely, or even generally, that proportion of the inventory which the customer purchases from him, he is in a position to judge quite firmly whether the present trend of turnover is adequate to result in prompt payment of the merchandise on order.

If inventories are becoming excessive in relation to working capital and turnover is declining, then tighter credit lines must be applied. If these factors are complying with averages for the industry and are within the history for the account, then normal lines as dictated by past experience can remain undisturbed.

When extreme cases are encountered, it is possible to arrive at some very sharply defined credit lines by digging into the factors already outlined. For "run of the mill" cases, general knowledge still permits intelligent credit

fCredit by a Formula
eFacts Is Mandatory

lines to be determined quickly and easily without constant rechecking.

From the foregoing it will be apparent that statements or well developed reports will be necessary if more precise standards are to be attained. This is natural because any method used which is not based solidly upon statements or similar reports will be in the nature of guesswork. This is only another reason for the credit profession to be striving for periodic statements as routine for establishment and maintenance of credit. In recent years there seems to have been a definite trend in this direction. There is a definite tendency to overlook the very close relationship between the current aspects of the balance sheet and the overtones of the operating statement. For this phase of credit work, they are practically inseparable.

Requirement Method Called Best; Others Are Outlined

HENRY FIEDLER, Credit Manager, Regal Knitwear Company, Inc., New York, New York

IN DETERMINING a line of credit the credit man must depend to a great extent on the type of information available to him. Following are some of the ways in which it is established.

While there is no scientific way to set a line of limit, one method, if a balance sheet is available, is to take a certain percentage (5, 8 or 10 per cent) of the working capital, which is the difference between current assets and current liabilities. Let's assume the current assets are $100,000 and the current liabilities are $20,000. Then 5 per cent of $80,000 would set the line at $4,000.

Another method is to take 5, 8 or 10 per cent of the net worth, which is the difference between total assets and total liabilities.

The rating method is quite popular. Simply take 5, 8 or 10 per cent of the higher of the two capital figures in the first or second grade as listed in the Dun & Bradstreet rating book. Let's assume the customer's rating is C2, $75/125,000 Good. Five per cent of $125,000 would be $6,250.

The debt-paying power method is possible provided certain information can be obtained. Suppose gross sales are $60,000 and markup is 33⅓ per cent, or $20,000. Then the cost of goods sold would be $40,000. Now if $30,000 were paid out to creditors, $10,000 would be for new suppliers. When bills are being paid in 30 days, we allow another 15 days as an average and divide 45 by 360. Next we take ⅛ of $10,000, which gives us $1,250 as the credit limit.

The method reputed to be the best of all in setting up a line of limits is called the requirement method. This is arrived at as follows:

(1) First we take volume of sales, say $150,000
(2) Then we ask ourselves: what proportion of sales is in our line? about 10 per cent? 15,000
(3) Next, do we get all of this business, perhaps 20 per cent? 3,000
(4) If markup is 25 per cent, then ¼ of $3000 is 750
(5) Difference between $3000 and $750 is 2,250
(6) If terms are 30 days, we add 15 more days as an average, or 45 days, divide by 360 for the year, and arrive at ⅛. Taking ⅛ of $2,250, we finally achieve a line of 280

Under arbitrary line technique, every new customer gets a certain amount ($50 or $100). If he discounts, he gets more.

Where no credit facilities exist, the follow-the-leader method is used.

In considering line of credit it is advisable to compute cost of goods sold rather than net sales.

The frequently used term "credit limit" carries with it a negative connotation. "Line of credit" is more in keeping with the positive approach that is so essential if the credit man is to achieve maximum sales for his company.

Lines of credit, once set up, can relieve the credit executive so that he can devote himself to more important work in his department. They also help in speeding up collections.

Accepts to 10% of Capital Investment If Rated Tops

E. A. ZILMER, Credit Manager, Hinson Manufacturing Company, Waterloo, Iowa

SEVERAL years ago, at the Tri-State Conference of Credit Men, I brought up the matter of line of credit, because I felt that I should establish at least a provisional line on the accounts of all our customers. There was considerable discussion but no definite way to arrive at a limit was determined; in fact very few of the credit men thought it advisable to set limits.

As a consequence, I discussed the matter with the management here. A decision was arrived at that we would accept credit to the amount of 10 per cent of the capital investment on customers with first grade credit rating of $5,000 or more, and up to a maximum of 5 per cent on those with second grade credit ratings above $5,000.

On third and fourth grade credit ratings, and those below $5,000 net worth, we always obtain as much credit information as we can. We can establish a temporary credit line after considering the available facts, such as how the customer pays others; how much credit already

(Concluded on page 38)

Line of Credit Not Limit But a Guide for New Orders

R. L. HENRY, Treasurer, Gough Industries, Inc., Los Angeles, California

GIVEN the same facts, I doubt if any two credit men would arrive at the same arbitrary figure they place in the space marked for line of credit on their credit card. Webster defines limit as the "utmost extent", which would seem to make it pretty final, whereas there is nothing final about the average credit line. Actually it is nothing more than one man's guess, or conclusion if you will, on how far he is prepared to go on a certain account, based on the information at hand. The amount subsequently is altered from time to time depending on changing conditions. It is, therefore, not a limit at all but a guide used in conjunction with the checking of future orders.

Our line of business covers distribution to dealers of large and small appliances and electrical supplies. The large appliances are sold on a franchise basis. Shortly after the war, dealers were lining up begging for the merchandise. At the time the financial condition of the dealer and his ability to get floor plan arrangements from the bank were largely the basis for credit. In our case, we gave him up to 10 per cent of his net worth as the original line.

Then and Now

If he paid promptly and later statements showed progress, we increased the line. If payments lagged with us or with the trade, we reduced it or put him on a cash basis. This was a seller's market and sound credit principles could be employed.

With the transition from a seller's to a buyer's market, we had to raise our sights considerably to meet the increased competition that resulted.

We became more sales-minded, and while we still drew a ledger interchange we were more mindful of the sales potential and tried to set up a line based on the account's needs rather than on his financial worth. In some instances, where he had a good paying record, we might even match or go beyond his own investment in the business. Risky? Yes, but it has paid off in greater volume with no appreciable increase in the loss percentage. We tried to find a way to sell a dealer in quantity with safety.

Had we used the old basis of percentage of net worth, we would have been left at the post with a fine assembly of prompt-paying accounts but no volume to pay the overhead.

No matter how liberal we are, the credit line is usually still too low to satisfy our sales department or our customer. We are always faced with a threat that Jones & Co. down the street are giving him more. To satisfy the treasury department as well as the sales department takes a lot of doing on the part of our credit man. It is his job to have a thorough knowledge of the customer, personal and financial, as well as a knowledge of the conditions under which he operates. It is also necessary to consider what additional lines of credit he will be getting from our competitors. He then has to figure what would be a safe and logical amount of credit to extend him, double that amount and hope that he will not go bankrupt before due date.

It is reasonable to assume that he cannot pay his creditors if he does not sell his merchandise. Consequently, it is necessary to keep a close check on his inventory and try, wherever possible, to arrange bank financing for him on large appliances through trust receipt arrangements. This enables him to carry representative models of our line and to use his open account facilities for pickups only.

Customer's Responsibility and Product Value Factors

M. V. JOHNSTON, General Credit Manager, Gulf Oil Corporation, Pittsburgh, Pennsylvania

THE credit line is the pay-off after all the credit information has been analyzed. It represents an appraisal of the risk by the credit man. Each case is handled on its own merits; we know of no yardstick which can be applied.

In determining what credit limit is to be assigned, two factors must be taken into consideration:

(1) Overall credit responsibility of the customer.

(2) Value of products required on regular terms or on short terms.

The fact that these two factors are always present means that different credit lines may be assigned to customers of almost identical financial responsibility. In one case ordinary requirements are relatively small; in the other they are substantial. However, even if the requirements may be relatively small, the credit line should not be placed at such a low amount that it fails to indicate the overall responsibility of the customer.

Some Examples

For example, in the petroleum business we may be selling lubricating oil to a manufacturing company with a balanced financial condition and a net worth of $150,000, whose requirements are only $100 a month. Though a line of $150 would adequately cover the account, we feel that we should place a line of at least $1000 as an indication to the sales representative that the customer can be sold additional products if possible without concern over credit responsibility.

This same manufacturing company may desire to purchase fuel oil for its power and heating requirements involving monthly purchases in season as high as $10,000. In such a case the limit would involve the second factor of the value of products required and the line so assigned.

It is not unusual in the sale of petroleum to wholesale distributors that the line of credit required even on short terms may be in excess of the net worth of the company. This

means that prime dependence must be placed upon the character and capacity elements of the risk, as well as capital.

In such a case the credit grantor must be sure that the buyer will so manage his affairs that the bill will be paid when due. Since the petroleum supplier will be the principal creditor and in some cases the only creditor, his relationship will be close and he has the opportunity to get all of the information needed on which to make a logical credit decision. The requirements on regular terms or on short terms are more a factor than the financial responsibility in arriving at a credit line.

Bank Financing

The buyer may not be in business for a sufficient length of time to establish a sure credit position and it would not be prudent to accept an unsecured position on a line of credit far in excess of his estimated ability to handle. The usual procedure is to obtain suitable security, and arrange for very strict credit control.

If it is expected that the customer will resort to bank financing, the supplier cannot expect primary security, since the bank will expect the same thing. However, short terms can usually be arranged, thereby reducing the credit exposure. Often a supplier will work out such deals jointly with the customer and his bank in order that there is a complete understanding as to the position of each of the parties.

In the handling of commercial credit card accounts, we have eliminated the use of monetary limits entirely, since there is actually no way we can control the amount which may be purchased on the credit cards. Instead, we have adopted symbols which indicate the estimated financial responsibility of the customer and serve as a guide to collection treatment and degree of credit control. These symbols are as follows:

A—OK for Requirements.
B—Above-average Risk.
C—Good Risk.
D—Fair Risk.
E—Borderline Risk.

Liberal collection treatment and credit control could be granted on the A and B groups, conservative on C, and strict control on D and E.

Farmers represent a group not requiring a monetary limit. They have limited storage facilities, and therefore are not in position to overbuy. The monetary limit accordingly is not a logical approach, and again symbols are used which designate the farmer's estimated financial responsibility. These symbols are as follows:

FA—Farmer of average financial responsibility with fair paying record. Most small farmers would fall into this class.

FG—Farmer with above average financial responsibility and satisfactory paying record.

FE—Large farmer with satisfactory cash resources and satisfactory paying record, and good for requirements even though payments may not be prompt during growing season.

Our credit men mentally place dollar maximum for each group (Commercial Credit Card and Farmer) and review the account if purchases should exceed that figure. For example, a small farmer with an FA limit should not owe in excess of $250. If he does, prompt consideration would be given to revising the limit to FG or placing restriction on terms if credit so indicates.

In the retail credit field, we use symbols which designate estimated financial responsibility, and apply varied collection routine to each group.

Suggests 10% a Little High to Start; Can Build Later

F. V. SWENDER, Credit Manager, Stowe Hardware and Supply Company, Kansas City, Missouri

IN DETERMINING a line of credit for a customer, to start with we ask for our salesman's recommendations—if he has faith in the customer, if he would lend him money. Then we ask for credit interchange reports, inquire of bank and trade references, to give us an idea of assets and liabilities, past record in business and current paying habits. If these do not reflect favorable and current facts and figures, we ask the customer direct for an up-to-date financial statement, which should be more complete and up to the minute than estimated figures obtained from outside sources.

Many factors enter into the picture in first establishing a line of credit for a customer. There is no hard and fast rule I know of which would correctly apply to all customers. General economic conditions, seasonal demands for merchandise, weather and crop conditions, also the character, capacity and capital of the dealer, the goodwill he enjoys from his own customers and his aggressiveness in following his own sales and collections, all vitally affect credit acceptance in the hardware and farm supply business. For these reasons credit lines for various dealers must be more or less flexible. *(Continued on p. 30)*

A "LINE"—BUT NO CREDIT

To the Editor:

HERE is a credit problem I ran across the other day while Fred was cutting my hair. A rather disreputable looking character stuck his head in the door of the shop and asked: "Fred, could I stand you off for a haircut until the next time I come around?" Said Fred, "No. My business is all on a cash basis."

Character: "I have a check coming thru tomorrow. I'll pay you the next time I come around." Fred: "Can't do it. I have always been on a cash basis and I'm too old to change now."

Character: "But I'll pay the next time I come around, check coming tomorrow."—Fred: "No, I don't do business that way."

Fred, to me: "Pay me the next time he comes around? Huh! The last time he came around was before the Second World War."

A question of terms: Is persistence any proof of Capacity? We'll at least agree he was a character.

WM. L. BLANCHARD
Credit Manager, Zerega Distributing Co., Seattle.

MANAGEMENT AT WORK

.... a problem case is solved

By JAMES W. MARSTELLER, *The De Vilbiss Company, Toledo*

CREDIT management is a profession for many reasons. One of the most important is the specialized judgment required of credit men to assist customers that really need and deserve help. The so-called marginal account must be more carefully considered and the relationship more intimately established if help at the right time is to be given, so that it can carry on a profitable business with resulting benefits to both the supplier and customer.

Following is one of many experiences of our company which would illustrate the point.

A few years ago one of our salesmen was quite excited over a $20,000 special spray booth order he had just received from a contractor. He nearly fainted at mention of the words "sight draft" and "bill of lading." Because his prospect had no credit rating, he felt our acceptance of the order was doubtful. He could almost see the order flying out the window.

An internal holding action was adopted, pending proper investigation. We knew that a small contractor, such as his prospect, couldn't possibly pay cash for an order this size.

After reassuring the salesman that our credit department's responsibility is to accept business, not reject it, we proceeded to search out some basis for accepting his prospect's business.

Mr. X had worked in the construction industry all his career, had started his own business immediately after World War II, with $20,000 capital. In a period of several profitable years he built up a net worth of close to $65,000 and enjoyed a good credit rating.

Then, in 1950, his troubles began. Like so many good craftsmen, Mr. X was not very particular in his record-keeping, but up to this time had had no serious problem requiring his records as proof. Then the work on one of his biggest contracts was delayed because of labor boycotts, and material shortages, which in turn caused inadequate synchronization of sub-contractors' work and made his original estimates incorrect. His records were not complete enough to be of much assistance. As a result, he lost approximately $55,000 in the year and had difficulty paying his creditors. Out the window went his good credit rating.

His splendid workmanship enabled him to obtain additional contracts, which kept this business alive. He had just landed one of his biggest contracts in years when he asked our salesman to bid on a spray booth.

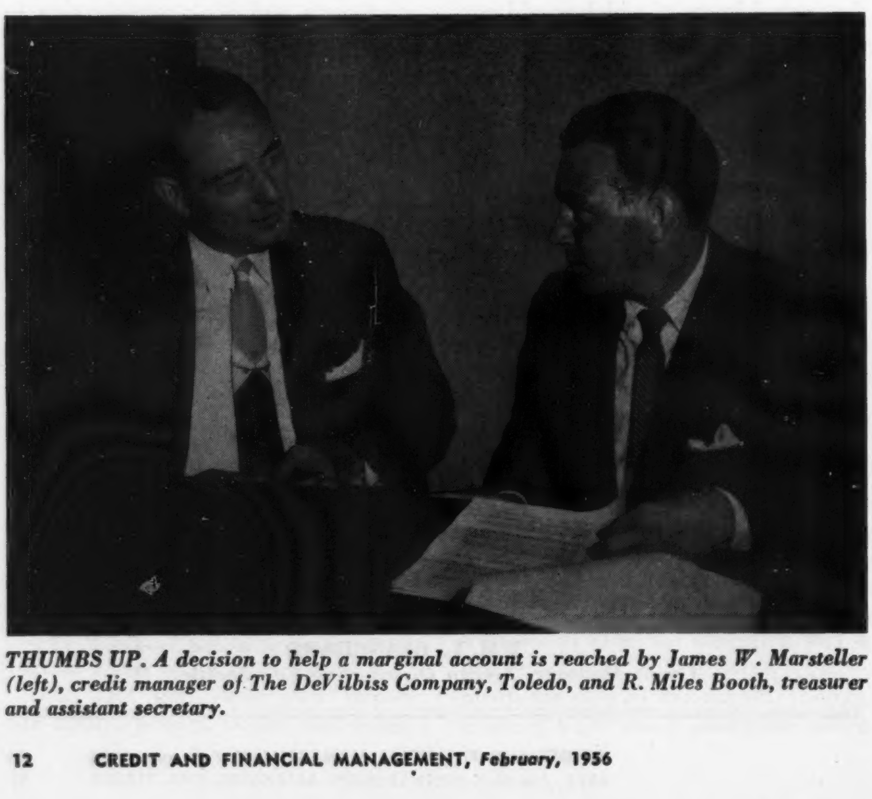
After making the routine investigation of credit reports, we saw clearly that he wouldn't be able to make any progress unless his suppliers were willing to go along without much security.

Mr. X was to be in our vicinity in a few days. We invited him to a conference in our office. The conversation soon convinced us that his character was unquestionable, and his sincerity and enthusiasm sold us 100 per cent that his firm had the capacity to succeed. He laid his cards on the table, outlined the history of his company, described his current status. He submitted an audited copy of his latest balance sheet and profit and loss statement to confirm that profits were being made and that the 1950 loss was being erased, even if slowly. He said he had learned his lesson about keeping accurate records and realized the importance of the good credit rating he once had enjoyed. This was very encouraging to us because we wanted his business.

We thanked Mr. X for his cooperation, told him not to worry about the order, and promised a decision the next day.

By long distance telephone we called his banker and some of his other major suppliers. They confirmed his story in every detail. That was the clincher. We knew then that we just couldn't afford to refuse Mr. X the help he needed on his new contract.

His customer, an airplane manufacturer, liked him and his work. This



THUMBS UP. A decision to help a marginal account is reached by James W. Marsteller (left), credit manager of The DeVilbiss Company, Toledo, and R. Miles Booth, treasurer and assistant secretary.

ALUMNUS of the Graduate School of Credit and Financial Management, N.A.C.M., James W. Marsteller served the past year as president of the Toledo Association of Credit Men.

Mr. Marsteller had been assistant treasurer of Allied Oil Company, Inc., Cleveland, before joining The DeVilbiss Company in Toledo in 1950 as credit analyst and department manager. He holds fellow and graduate degrees from Wisconsin University and Toledo "U".

---

evidence of goodwill could be a most important aid to us in future sales, not only by bringing orders to us but also in subcontracting for proper installation of our equipment.

Mr. X, obviously gratified when we accepted his credit solely on the basis of character and capacity, completed his contract admirably. His men outdid themselves in installing our spray booths.

Since that episode Mr. X has fulfilled our expectations on every occasion. He continues to buy from us. He continues to subcontract and install for us, and we never hesitate to recommend him. He subcontracted one of our largest jobs a year ago.

FROM business study at the University of Toledo R. Miles Booth became a certified public accountant with Ernst & Ernst, leaving to become assistant treasurer of The DeVilbiss Company. The following year he advanced to treasurer and assistant secretary.

His credit rating is once again established in the reference book, and higher than ever.

The story of our Mr. X is not unusual, but it does exemplify the importance of working with marginal accounts. A good credit man should do everything in his power to keep his marginal accounts profitably in business. Credit operation is assuredly a profession when it lives up to these ideals.

R. F. Goodwin Heads NABAC

Robert F. Goodwin, controller of Wachovia Bank & Trust Company, Winston-Salem, N. C., has been elected president of The National Association of Bank Auditors and Comptrollers.

Credit Is the Magic Coin of Commerce, But It Doesn't Pay If You Rub the Wrong Way

By **REESE H. TAYLOR**
President
Union Oil Company of California
Los Angeles, California

The magnitude and complexity of modern commerce would have been inconceivable to the simple craftsmen and tradesmen who, relatively few years ago in the history of man, dominated economic life.

Of the many interacting factors which made possible the evolution of today's highly developed industrial institutions and trade patterns, one stands foremost. This is the code of ethics based on "Man's Confidence in Man"—the code of ethics of the credit profession.

Credit and the credit profession are founded on the premise that "the pledged word upon which another relies is sacred among businessmen." Credit men have earned the gratitude of all of us for preserving and developing the integrity of such pledges, the basis of business confidence.

Credit is the lubricant that turns the wheels of our economy, combining with American "know-how" and the system of free enterprise to create and serve mass markets that are the wonder of the world. Credit is an intangible force upon which dynamic capitalism, as we know it, depends for its lifeblood. One of the most important tools in the salesman's kit, credit is every bit as essential as the price book and the high quality of the products and services offered.

The Basics of Credit Policy

Intelligent credit policy is a "must" for the modern business firm in achieving maximum profitable sales volume. It is my suggestion that the credit policy formulated by management must develop credit practices and procedures which will:

(1) Facilitate distribution and increase profitable sales volume;

(2) Harmonize with the operations of other departments;

(3) Create an affirmative attitude; and

(4) Be flexible enough to meet unusual situations.

Credit and sales personnel have in common one prime objective: the development of increasing profitable sales volume. Therefore, their relations must always harmonize and be on the same level of cooperation.

A major responsibility of management is to provide ample time and effort for the education, training and indoctrination of credit and marketing people in their mutual activities and responsibilities.

Should Be on Management Team

The credit manager should be a member of the management team, able to blend credit activities with the interests of the company as a whole at a policy level. He should be free from detailed desk assignments so that he can be productive and effective in the field. In such manner he is in a position to assist and counsel salesmen while at the same time feeling the pulse of economic conditions. In this way the credit manager can maintain customers in an "Open to Buy" condition and in good financial health.

The most constructive area of activity for the credit manager is in cultivation of marginal accounts, where the basic ingredients of character and capacity are present. A risk based on facts and knowledge of an account is vastly different from blind chance.

Credit is effective only so long as it contributes positively to good customer and public relations. Powerful social, political and economic changes have brought public relations to the top of the list of prerequisites for business success. And, as one writer put it, "public relations is not something that can be bought like a typewriter or suspended like an order for raw materials. It is a way of life—expressing itself every hour in attitudes and actions." Credit men who fail to govern their actions in this light will find that their activities, a powerful sales weapon if used properly, will boomerang to the detriment of their business.

Credit men must be particularly attentive to their role in public relations, because they deal with customers and potential customers in a personal area where they are most sensitive. The very importance of credit has made the American public proud of credit reliability and resentful of the slightest inference of financial irresponsibility. And yet credit men must probe these areas to fulfill their responsibility to their own firm.

The challenge of credit is to maintain it and develop it as a continuingly positive force in the economy. And the opportunity this affords credit men for the maintenance and building of goodwill exceeds even those of direct selling.

Credit has become the magic coin of commerce: let us use it intelligently.

NATIVE Californian, Reese H. Taylor was born and educated in the public schools of Los Angeles and at Cornell University and the University of California.

Details of the business career of the president of Union Oil Company of California appear on page 5.

Let Bank Know You Better Chase Official Tells Seminar

Consistent utilizing of bank-small business relationships and the expansion potentials of instalment financing were themes of speakers representing a medium-sized bank and one of the largest in the country, at one in the sequence of eight practical seminars on small business operation conducted by Theodore H. Silbert, president of Standard Factors Corporation, at Columbia University, New York City. The theme was "Increasing Working Capital."

William G. F. Price, vice president of Chase Manhattan Bank, New York, suggested this action: Give your bank a better chance to know you, your business and your problems.

"The personal equation is still the fundamental factor in the establishment of credit," said Mr. Price. "Do not wait with visiting your banker until you are under pressure and need a loan in a hurry. Discuss with him your expansion, production and other plans before you are ready to put them into effect. He not only can contribute to a better solution but he may anticipate some of the problems."

Edward J. Frey of the Union Bank of Michigan, at Grand Rapids, in his discussion of instalment financing emphasized that ability, experience in the particular field of operations and character are vital as substitutes for requisite capital.

Business-Trained Leaders in Columbia U. Appointments

In appointments at Columbia University, New York, Dean Courtney C. Brown of the university's graduate school of business has additionally accepted the position of vice president in charge of business affairs of the university, and Roger F. Murray, Ph.D., vice president, Bankers Trust Company of New York, has become associate dean of the graduate school of business.

Dr. Murray, with Bankers Trust Company since 1932 except for a period of war service, retains his post with the bank. Since 1946 he has been a vice president, successively in charge of credit research, economic and business research, and institutional investment services. Dean Brown went with Columbia from the position of assistant to the chairman of Standard Oil Company (N.J.). He taught in Columbia College and the university school of business.

Office Face-Lift Melts 3,000 Miles, Brings Warehouse 'Home,' Cuts Costs

PAPERWORK simplification may have far-reaching effects. For example, from the factory of The Aluminum Cooking Utensil Company, New Kensington, Pa., manufacturer of Wear-Ever and Hallite utensils and other products, to its stock warehouse at Oakland, Calif., nearly three thousand miles away, is merely next door as a result of the company's integrated system of order data processing. Simplified paperwork, based on Standard Register Company Kant-Slip continuous forms, together with teletypewriters, punched card accounting equipment and coded paper tapes, has resulted in reduction of warehouse clerical costs and brought about improved service to customers, with approximately 30 fewer employees.

"With this system the home office has requisite control of Oakland inventory; preparation of accurate shipping orders, invoices, report of sales by product and a daily "cost of sales" analysis, is simplified," notes R. A. Barnhart, assistant office manager at New Kensington.

"The order department, which is the focal point," he says, "has orders on the wire to Oakland seven-tenths of a day from the time we get them, thanks to this system. In an average 4.2 days from the date a purchase order comes in to New Kensington, shipments are made from the west coast warehouse and billed from the home office."

COMPLETE PROOF copies of orders roll off Teletypewriter simultaneously with the punching of the transmittal tape. It was found that operators can to better advantage manually type a single-part Kant-Slip continuous form proof copy on the teletypewriter, and punch a transmittal tape in the process.

Central Stock Control

Details illustrate how the system works. Pre-punched Remington Rand tabulating cards in the order department are central to the maintenance of inventory at Oakland as well as to the accurate writing of orders. Special tub files contain a "pattern card" for each item in the Oakland inventory, as for instance a Bake Pan, Catalog number 2615. The item card is also punched for the number of units to a carton, the unit retail price, the total carton price, carton weight and freight classification.

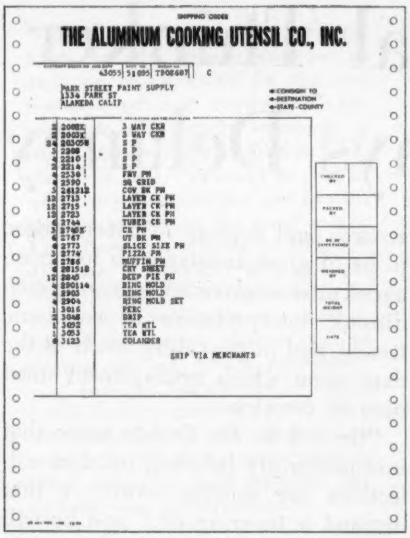
When sales analyses indicate the need, carloads of merchandise to replenish inventory are shipped to Oakland on a miscellaneous shipping order. From its copy of such a shipment, the order department may reproduce the pattern card of each item to get as many duplicate cards for the tub file as there are cartons in the shipment. These are not, however, used as the basic inventory record. Interfiled with the pattern card is an "Inventory Balance Card" to which additions to stock are hand-posted at this time. Sales likewise are posted, as noted hereinafter, when orders are prepared for entering.

Order Data

"After the sales department and the credit department have passed along the customer order," explains Mr. Barnhart, " the order department first posts date and number to the customer's record in a Kardex file, which also contains a master prepunched tabulating card of the customer name and address. That simple record of the order's position has made unnecessary a considerable amount of searching that formerly took place when a customer or salesman wired about an order—sometimes even before its receipt. From this entry it is simple to tell if the order has yet been teletyped or billed."

At the tub files, a clerk assembles a deck of Remington Rand tabulating cards for the complete order. Header cards—"ship to" and "sold to" name and address — are pulled. On a pattern card pulled for each item appearing on the order, the clerk pencils in red the number of cartons which will match or nearest meet the quantity of units ordered, and deducts this number on the inventory balance card for the item. The number of cartons is then key-punched into the item card and another card is key-punched for customer's order number and the supplier's order number. These cards accompany the customer's order to the teletypewriter center.

"Here one could reasonably assume an automatic card-to-tape operation resulting in a programmed tape for order transmission on the teletype-


SHIPPING ORDER

THE ALUMINUM COOKING UTENSIL CO., INC.

43055 | 51095 | T908607 | C

PARK STREET PAINT SUPPLY
1334 PARK ST
ALAMEDA CALIF

←CONSIGN TO
←DESTINATION
←STATE-COUNTY

2	2002X	3 WAY CKR
2	2003X	3 WAY CKR
24	203058	S P
3	2208	S P
4	2210	S P
2	2214	S P
6	2536	FRY PN
4	2590	SQ GRID
3	261212	COV BK PN
12	2713	LAYER CK PN
12	2715	LAYER CK PN
12	2723	LAYER CK PN
6	2744	TUBED CK PN
3	2746X	CK PN
6	2767	UT BK PN
6	2773	SLICE SIZE PN
3	2774	PIZZA PN
6	2786	MUFFIN PN
6	281518	CKY SHEET
12	2845	DEEP PIE PN
4	290114	RING MOLD
4	2903	RING MOLD
4	2904	RING MOLD SET
1	3016	PERC
2	3046	DRIP
1	3052	TEA KTL
1	3053	TEA KTL
6	3123	COLANDER

SHIP VIA MERCHANTS

CHECKED BY | PACKED BY | NO. OF CASES PACKED | WEIGHED BY | TOTAL WEIGHT | DATE

FIVE-PART SHIPPING ORDER set teletypewritten at the warehouse from tape is a Standard Register Company Kant-Slip form.

writer," Mr. Barnhart comments. "That is anticipated; but temporarily at least it was found that operators can to better advantage manually type a single-part Kant-Slip continuous form proof copy on the teletypewriter and punch a transmittal tape in the process.

"Order tapes are then placed on another machine and transmitted to the Pittsburgh relay center of Alcoa's teletype network for re-transmission to Oakland. (The Aluminum Cooking Utensil Company is a subsidiary of Aluminum Company of America.) All orders transmitted from the New Kensington order department on a given day will be received at Oakland not later than 8 a.m. Pacific Coast time the following day. Oakland acknowledges receipt of orders by return teletype, stating the assigned identifying number of a group and the count of orders in that group."

Documentation

Oakland employs the punched tape created on its receiving machine to operate a teletypewriter and produce five-part shipping order sets continuously on Standard Register marginally punched carbon-interleaved forms. These provide shipping order and packing list copies of each order together with a three-copy bill of lading in stapled *Zipset* form. When the order is packed in cases and weighed, the data are filled in on the bill of lading and the original is mailed to the customer, while the

(Continued on page 21)

Who'll Make the Electrical Thinker Think? Credit Man, Says Delaney

THE credit executive will "make the electrical thinker think" in the electronic age as automation in jigtime compiles its masses of information to speed production and expedite research, says Harry J. Delaney, vice president of John P. Maguire & Co., Inc., New York.

H. J. DELANEY

"From what we read," he observes, "digital computers and the revolving drums with electric tubes and transistors are being set up to turn out answers to involved questions three million times faster than the human brain can think. No doubt the scientists will perfect in the next decade magnetic impulses stored in the electric brain which will be capable of turning out prodigious amounts of information about trial balances, inventories and profit and loss material.

"The years ahead will, undoubtedly, produce great mechanical changes in analytical procedure, which is part of our credit work. Mercantile agencies will be able to speed up their investigations so that current information will be in the credit man's file before he can say 'Jack Robinson'. However, the credit executives will be the ones to feed in the formulas.

"Regardless of what mechanical improvements may be invented to improve our way of life in the credit world, let us not foolishly disregard the fact that the same homely virtues and the same human judgments and evaluations that have always been employed by credit men will never be abandoned. As of old, the human impulses will be the deciding factors. Credit men of the future will have all the best attributes of our contemporaries of today. They will be laboring all their working years to make the market place the scene of business integrity."

The modern credit executive must be "*a financial man with a merchant's point of view,*" and that is a "long step forward in the psychology of Credit" from the days when "the old-timer often said 'no' as the course of least resistance," Mr. Delaney told members of the Boston Credit Men's Association.

Credit Executive Prestige

"Most outstanding of all, however, has been the change in the last 30 years in the place of the credit executive within his own organization. The 'no'-man of the past was to the president a necessary evil; to the manufacturing vice president, a nonentity; to the vice president in charge of sales, a roadblock to progress.

"Today, not only has the credit executive achieved recognition as a constructive member of the management team, but if he is a good credit executive he is everybody's friend.

"While a change in the credit executive's approach to his job accounts in part for this change of status, it derives essentially from a fuller appreciation of the value of sound credit work and its many ramifications."

LONG ACTIVE in credit advancement, Harry J. Delaney, vice president of John P. Maguire & Co., Inc., New York, is a past director of the National Association of Credit Men and a past president of the New York Credit & Financial Management Association.

Mr. Delaney was previously president of Stevens Financial Corporation, after 30 years at Meinhard and Company, with which he had advanced to executive vice president, secretary and director.

In Policy-making Group

Mr. Delaney pointed out that not only is the credit executive in a position to talk on terms of equality with the company's president and directors but "in many organizations the senior credit executive has become a member of the policy-making group." Best fitted to advise on credit policy, he "will take into account both the character of the industry and the margin of profit which is normal in the trade."

More than that, he is "equipped, by virtue of training, experience, records and sources of information, to be of great assistance to top management in analysis of economic conditions, interpretation of economic trends, and in providing much of the data upon which management must base its decision.

"He will be the first to sense that inventories are building up, that collections are slowing down, or that demand is tapering off," and he will speed this information to those in command so that it may be "effectively implemented in terms of production, purchasing and sales effort."

Then there is service to the treasurer's department with data gleaned from threshing out financial problems of customers and analyzing credit risks —information on tax problems, advantages and disadvantages of methods of inventory control and evaluation, sources of working capital, as well as expected returns from accounts receivable in a given period.

Through credit investigations he also can help the purchasing agent "by checking upon the financial standing, production capacity, integrity and manufacturing skill of suppliers and potential suppliers," may recommend performance of completion bonds, for instance, and may help in adjustments if claims arise due to suppliers' failure to deliver.

With the bookkeeping and accounting departments he will work on intimate terms because of mutual interest in complete and accurate records and prompt issuance of statements.

Credit and Sales Partners

Most important is constructive relationship with the sales department, Mr. Delaney emphasized, through an objective to help the company make sales at a profit.

"The mark of the good credit executive," he explained, "is his capacity to select those concerns that are not only financially sound but have the capacity to survive adverse conditions because of the quality and efficiency of management. I do not recommend that credit policy should be predicated upon an unrestrained eagerness to build up sales with marginal accounts. On the other hand, a credit policy predicated upon 'no

While not decrying "the efforts of the powers-that-be to enforce moderation in the expansion of our economy," for example the recent increase of the Federal Reserve System's rediscount rate, "caution is just as necessary in applying the brakes as in stepping on the gas," warns Vice President Harry J. Delaney of John P. Maguire & Co., Inc., New York. "Nothing could be more destructive to the wellbeing of the nation than a sudden drying up of credit facilities."

A basic responsibility of credit executives, members of the Plastic Material Credit Association were told, "is to do everything in their power to help cushion any deflationary movement."

losses' is equally undesirable. At all cost we should avoid becoming panicky because business hits a temporary slump."

He added that "the old yardstick of the two-for-one ratio can no longer be relied upon as the exclusive factor," that the credit executive should attend sales meetings and know sales policies and problems, while sales personnel should be grounded in sound credit fundamentals. In some situations the credit department can suggest a formula "by which the business can be salvaged," such as staggered deliveries or the use of trade acceptances. In return, the credit department frequently can benefit from spot information gathered by the sales force.

Into the mutual understanding is woven the public relations function of credit operation. "If the business of a customer or potential customer is sound, he is all too apt to consider it a personal affront if there is unnecessary delay in approval of his credit line. This is especially true of new accounts which, no doubt, some perspiring salesman has been working for months to secure. Dilatory or tactless action may well destroy goodwill. Even in the case of distinctly questionable accounts the credit department should lean over backwards to make an adverse ruling as palatable as possible," to avoid long lasting grudges.

Providing unasked services, such as suggesting new outlets or markets, is the positive side of credit department function, says Mr. Delaney. "It is the accumulation of favorable impressions which generates the overall lasting impression, the essence of public relations."

Using U. S. As Crutch For Prosperity By Foreign States Called False Therapy

THAT international trade and world investment prosperity can be sustained only if accompanied by economic health abroad as well as at home, and that United States' assistance programs to other nations must be consolidated by native enterprise, were conditions affirmed by speaker after speaker at the 42nd annual meeting of the National Foreign Trade Council, Inc., who deplored any encouragement of "dependency on the United States."

Said Philip D. Reed, chairman of the board, General Electric Company, New York, and chairman of the Council's national convention committee, in his opening address: "International trade and world investment will grow and prosper only as the countries of the world, which constitute the world market, adopt, individually at home, economic systems and monetary policies which promote the growth of production, employment and living standards within their own boundaries." "The spirit of enterprise cannot be imported; it must be home-grown," said Walter Williams, Under Secretary of Commerce of the United States, speaker at the first general session of the convention in New York City.

Included in the Final Declaration, adopted by the Council at the close of its meeting, were these major policy recommendations:

(1) Technical assistance by the United States to other countries be limited to fields of public service, such as health, education, sanitation, public administration and agricultural techniques;

(2) A study of export credit insurance facilities in this country be undertaken to determine whether or not extended coverage is justified;

(3) Further simplification of customs procedures, particularly more realistic standards for determining dutiable values of imports;

(4) Clarification of antitrust regulations applying to American companies abroad; particularly assurance against later charges based on activities considered legal at one time.

Opposition again was voiced by the Council to U. S. participation in SUNFED, the Special United Nations Fund for Economic Development, or any other international agency designed to finance through grants or "soft loans" any development projects that could not attract private capital or meet standards of existing international agencies.

Aids to Investments Abroad Cited

Helpful steps taken in the past year to facilitate United States investment abroad were listed by A. L. Mills, Jr., member, board of governors, Federal Reserve System, Washington, as: approval by Congress of United States participation in the International Finance Corporation; Congressional approval of an expanded lending authority for the Export-Import Bank; liberalization of Regulation K of the Federal Reserve Board.

In connection with the latter were the formation of five banks into the American Overseas Finance Corporation, set up to provide medium-term credit to domestic exporters of the type similarly provided by the Export-Import Bank; and the recent formation of Transoceanic Development Corporation, Ltd., by investment houses and foreign banks, to engage in foreign capital financing; "all symbolic of the interest in encouraging investments abroad in ways that will work to the advantage of enlarging and stabilizing world trade."

In noting the interaction of economic impulses between the United States and foreign countries, Mr. Mills pointed out that "any distortion in our domestic bank credit-making activities that leads to internal inflationary or deflationary tendencies is bound to have repercussions in the sphere of international economic affairs."

Discussing various measures undertaken to promote foreign private investment, Under Secretary of Commerce Williams declared that "Governments can perform only limited functions in expanding trade; they can reduce the barriers to trade; they cannot create trade. That is why we emphasize in our own departmental programming the importance of facilitating the efforts of businessmen to conduct trade, our socalled trade promotion activities." (CFM readers will recall in connection with this program the appointment of N.A.C.M.'s Philip J. Gray as a member of the trade team to represent the Department at the international trade fairs in Milan and Paris, reported in CFM May and August, 1955).

At the Far East luncheon, Japan's Ambassador Sadao Iguchi summed up Japan's position in world trade. Loss of traditional trade with China has been offset partially by progress in Latin America, the Sterling area, and Europe, limited by the inconvertibility of currency and other factors. South Asia has too recently emerged from colonial status or economic stagnation.

Mr. Gray, secretary, National Association of Credit Men, and director of the association's foreign department, officiated as secretary of the forum, "Current Trade Questions," which was presided over by William S. Swingle, president of the National Foreign Trade Council, Inc.

FACE-LIFT FROM P. 17

packing list is enclosed with shipment. Oakland airmails the No. 1 copy of the five-part set, with its notations, to New Kensington.

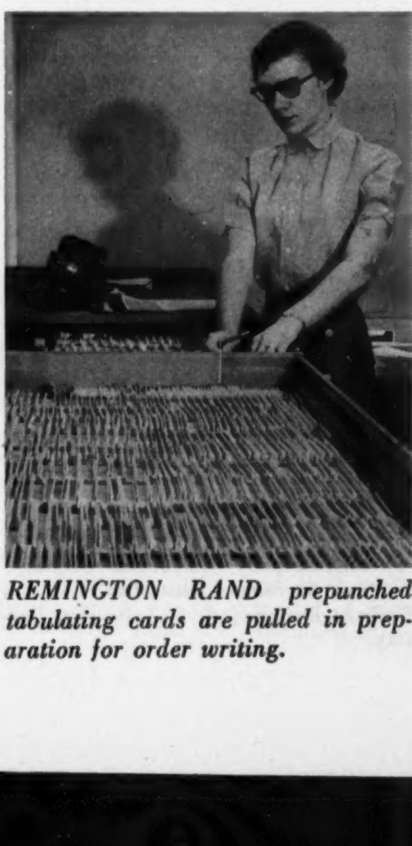
Integration

Meanwhile, proceeding from complete order data in the mechanical form of Remington Rand punched cards (employed at the teletypewriter) the home office processes the data onto several documents, translating them from one "machine language" to another in so doing.

Billing can be done as soon as the order is entered. Therefore, the cards are first used to tabulate a five-part Kant-Slip continuous invoice on Remington Rand equipment. This 11¾" x8½" form provides original and duplicate for the customer, accounting department file and salesman's copies.

Then the cards are operated through a Remington Rand card-to-tape machine in order to supply the complete billing data to the Cost Department. Thereafter the item cards are separated, run and summarized to prepare a daily report of sales, by product, affecting the Oakland warehouse inventory. Item cards are now destroyed.

The tape, in the cost department, is run on an International Business Machines card-to-tape machine to produce the punched cards necessary for this department's IBM electric accounting machine equipment. From those cards a daily cost of sales report is tabulated.



REMINGTON RAND prepunched tabulating cards are pulled in preparation for order writing.

OPENING New Orleans C.M.A.'s home. R. L. Simpson (left) past pres. N.A.C.M., with J. G. Gibbons, unit president.

ECONOMIST-HUMORIST Dave Livingston (center), of Washington, Iowa, with Robert L. Howard, (right), Logan Co., president of Louisville Credit Men's Association, and M. W. Nicholson, secretary-manager. Mr. Livingston addressed the members.

HONORED past presidents on New York Credit Women's Group's 30th anniversary. Standing (l to r): Polly Ann Boker, 1953-55 president; Mildred Salmon, Seated: Marian McSherry; Lillian Guth, founder; Marian King, Julia McCauley.

MISS CYNTHIA P. SORRICK, promoted to research secretary of Robert Morris Associates, Philadelphia.

GOV. G. M. Williams (Mich.), left, congratulates M. J. Davis, honored past president of Society of Former Special Agents Federal Bureau of Investigation.

OVERSEAS visitors at Todd offices. (l to r) Charles Levy, Burroughs, Belgium; Laurence L. Attridge, Bank of England; Garth Mayo, Burroughs, Australia; Frederick Cook, R. A. J. Middleton, W. D. Simpson, Bank of England; R. L. S. Snippe, Burroughs, Holland; George Wehrle demonstrating.

OUTSTANDING Toledo promotion: Credit Managers Clinic, Bowling Green State "U." Panelists (l to r) D. C. Davies, Gulf Refining Co.; Mrs. Frieda Blossom, Theatre Equipment; H. C. Durnwald, Howard Zink Corp.; R. J. Benziger, Libbey Glass Div.; J. W. Marsteller, De Vilbiss; T. O. Metcalf, Toledo Scale; H. C. Cogan, Parker Appliance (Cleveland).

ALABAMA honors Paul J. Viall, N.A.C.M. president: (l to r) Mrs. Connie Landers; J. L. Mason, Alabama association president; Mr. Viall; and W. S. Wilson, N.A.C.M. director, at Birmingham gathering. Birmingham News Photo

SECRETARIAL COUNCIL, N.A.C.M. Seated (l to r) Chairman D. R. Meredith, Pittsburgh; H. F. Boswell, Richmond. Standing: J. C. Hodgkins, Jr., Atlanta; A. D. Johnson, Los Angeles; H. S. Garness, Milwaukee.

OFFICIAL FAMILY, Detroit A.C.M. Top row (l to r) C. G. Bunting, Detroit Steel Products Co., pres.; H. A. Gagnon, Detroit Ball Bearing Co. of Michigan, 1st v.p.; I. D. Stewart, Aluminum Co. of America; C. F. Hofmeister, Revere Copper & Brass, Inc.; T. R. Carroll, McLouth Steel; H. M. Fitzpatrick, Michigan Consolidated Gas; F. J. Flom, Detroit Edison, councillor; H. L. Cottrell, General Electric Supply, advisory board; W. A. Baird, Detrex Corp.; T. R. Stansberry, Mfrs. Natl. Bank of Detroit, treas.; C. Breitmeyer, Alloy Steels, Inc.; F. D. Bowen, Ford Motor Co. BOTTOM: L. F. Davis, secty.-mgr.; J. E. Gibbons, RCA Victor Dist. Corp. 2nd v.p.; Marie Shoppart, M. H. DeKeyser Co.; Sarah Rappaport, Helm, Inc.; J. G. Bremner, Buhl Sons Co.; E. M. Sattelmeier, Mfrs. Natl. Bank of Detroit; E. C. Lockman, asst. secy.-mgr.; J. C. Hoffman, Huron Portland Cement Co., advisory board. Not in picture: J. A. Flanigan, Bull Dog Electric Products Co., and J. J. Sullivan, Parke, Davis & Co. All above not otherwise titled are association directors.

Guides to Improved Executive Operation

KEEPING INFORMED

POINTERS ON SPEECH PREPARATION are splendidly briefed in the booklet "Ladies and Gentlemen." It is filled with suggestions on expressing thoughts and making forceful conclusions. Useful to anyone who has occasion to make a speech. Write The Canadian Manufacturers Association, 67 Yonge St., Toronto, Ont., Canada. Single copies free.

THE ADVENTURES OF RIPP VANN TWINKLE—A 16-page booklet on automation explains in easy-to-understand words and pictures that automation is nothing new; it merely means increased industrial productivity. The booklet helps an employee see the importance of automation to his company in keeping up with and ahead of competition, to insure his job and the future of his company. Sample copy and quantity prices available from Enterprise Publications, 11 N. Wacker Drive, Chicago 6, Ill.

MAKE YOUR SECRETARY HAPPY— Here's a brochure presenting four suggestions of interest to every employee in your office who types. It describes a type-cleaner and stain-remover especially useful in typing stencils or ditto masters. Write for descriptive circular. Panama-Beaver, Inc., 2633 Touhy Ave., Chicago 45, Ill.

IMPORTANT MAN TO THE MANUFACTURER IS THE WHOLESALER—A business service bulletin with several sources for basic information on wholesaling, which includes a listing of government agencies, directories, trade journals, associations and many other mailing list and information sources. Write Superintendent of Documents, U. S. Government Printing Office, Washington 25, D. C. Free.

Informative reports, pamphlets, circulars, etc., which may be of interest to you. Please write directly to the publisher for them. CREDIT AND FINANCIAL MANAGEMENT does not have copies available.

To expedite receiving these booklets, please address all inquiries concerning Efficiency Tips to CREDIT AND FINANCIAL MANAGEMENT, 229 Fourth Ave., New York 3, N.Y.

EFFICIENCY TIPS

487—The 1956 edition of the Barrington Associates' Executive Time Planner enables executives to lay out a full year's commitments on an easy reference calendar-printed sheet that measures 11" x 16½" when fully opened. Holidays are noted. Free.

▲

488—"Interior Architecture at Work for You," a folder prepared by Itkin-Affrime-Becker Design Associates, Inc., outlines the services to management of the professional interior architect, in creating an effective business environment.

▲

489—A system for the automatic programming of Univac, Remington Rand's electronic computing system, which has been specifically designed for business applications, is outlined in a new 8-page booklet, "Automatic Routines for Commercial Installations" (EL-280).

490—"Easy, Fast Statistical Typing" is the name of a new folder describing the International Business Machines Corporation electric typewriter with decimal tabulation for preparing statistical reports. Free, write us.

▲

491—Art Metal Construction Co's new 8-page booklet on Bookshelving and Bookcases illustrates executive bookcases, library book units, general bookcases and open file shelving. Book unit arrangements of several companies are shown. Write us for a free copy.

▲

492—Samples of winning letterheads, showing how the design puts across the nature of the business and company, are contained in a brochure being offered by Gilbert Paper Company. For your copy, please write us.

BOOK REVIEWS

STREAMLINED LETTERS—By Waldo J. Marra, M.A. $6.50. National Retail Credit Association, 375 Jackson Avenue, St. Louis 5, Mo.

• This revised edition should be in the possession of every person whose duties include business correspondence. It is a comprehensive and authoritative reference and instruction book on every phase of producing powerful and persuasive business communications. Building good public relations is a foremost objective of alert business firms. Here is a book that will insure every letter being a sales letter.

WRITING BUSINESS LETTERS—By J. H. Menning and C. W. Wilkinson. $5.50. Richard D. Irwin, Inc., Homewood, Illinois.

• To show how business letters *should* be written, not *how* they are written. Here are 542 pages full of basic principles that apply to all kinds of business letters, as well as two chapters on report writing. Many examples in the fields of credit, collection, handling of claims and adjustments, as well as appropriate special coverage of job-getting letters, sales letters and orders and acknowledgments.

PROFIT MANAGEMENT AND CONTROL—By Fred V. Gardner, 285 pages, $6.00. McGraw-Hill Book Company, Inc., 330 West 42nd St., New York 36, N. Y.

• Offered is a new approach in coordinating capital and profits, and tying them into the fundamental balance sheet and profit-and-loss statement. An exceptionally well rounded and complete treatment of breakeven points is given, with special emphasis on their use in management decisions in such areas as planning, measuring profit efficiency, determining selling prices, and handling labor relations.

Books reviewed or mentioned in this column are not available from CREDIT AND FINANCIAL MANAGEMENT unless so indicated. Please order from your book store or direct from the publisher.

Legal Rulings and Opinions

Fair Trade Plan Upheld

General Electric Company's Fair Trade enforcement program is adequate, the U. S. court of appeals for the fourth circuit has decided in the case of *Home Utilities Company, Inc., of Baltimore v. General Electric.*

This is the fourth time, since enactment of the McGuire Act in 1952, that Federal appellate courts have upheld Fair Trade laws. The others were in the fifth circuit (New Orleans) in 1953 in *Schwegmann Bros. v. Eli Lilly & Co.*; in 1955 in *Schwegmann Bros. v. Hoffman-La Roche, Inc.*, and again in 1955, this in the seventh circuit (Chicago) in *New Cut Rate Liquors v. Seagram-Distillers Co.* In the latest case the court ruled against the defendant's charges that General Electric's enforcement policy was discriminatory, inequitable and inadequate.

Bank Claim First

A bank generally has the right to set off a matured claim against the depositor's balance and still has first claim even if it fails to apply the depositor's funds to the debt before another creditor tries to attach the funds, according to the Georgia court of appeals.

Before filing an answer to a summons of garnishment issued to attach a debtor's bank account, the garnishee bank applied the debtor's balance to a past-due note. (*W. C. Caye & Co. v. Milledgeville Banking Co., 86 S. E. 2d 717, 1955.*)

If the depositor had sued the bank for the amount of his deposit balance, the court said, the bank would have had the right to set off against that balance any matured claim of the bank against the depositor, and the garnishment plaintiff stood in the same position against the bank as did the depositor. Finally, there was nothing to be garnished because the note owed the bank exceeded the depositor's balance.

Joint Account Case

A bank is not authorized to substitute one party for another as the joint owner of a savings account and then disburse credits to the administratrix of the deceased joint owner, a district court in California ruled in *Medeiros v. Cotta, 986 P. 2d 546 (1955)*.

The decedent depositor was survived by his widow, Maria, two daughters, and two sons by a former marriage. Mamie, a daughter, was appointed administratrix and the bank released the balance to her. She placed it in her account as administratrix, and proceeded to pay funeral expenses. In probate it was found that the decedent's son, John, had been named executor. John had been co-owner of the savings account but before the father's death John's name had been crossed out and Maria's name added. The change was ruled valid, and there was no element of fraud.

The court held that the change of names, from John to Maria, on the joint account left no rights in John, and that Maria became the sole owner. The lower court was overruled, and judgment was given against both the bank and Mamie.

Co-Trustee Authority

The supreme court of Alabama ruled that a national bank in another state has authority to act as a trustee of a trust even though all the trust property is in Alabama. Said the court: A national bank domiciled in Tennessee has the same authority to act as a trustee as have competing Tennessee state banks, the Tennessee law permits Tennessee state banks to act outside Tennessee, and the Alabama law permits foreign banks to act as trustee in Alabama. (*Ellen Gregg Ingalls v. Robert I. Ingalls, Jr., Co-Trustee et al., 81 So. 2d 610, 1955.*)

The U. S. supreme court has held that where state laws allow trust companies competing with national banks to exercise fiduciary powers, the national banks may exercise equal fiduciary powers.

In this case the settlor had named his son as co-trustee, with an Alabama bank, of a trust the settlor had set up for the son's children. The son had removed the Alabama bank and substituted a Tennessee bank. The Alabama bank sued, and lost.

Modernizing the Office

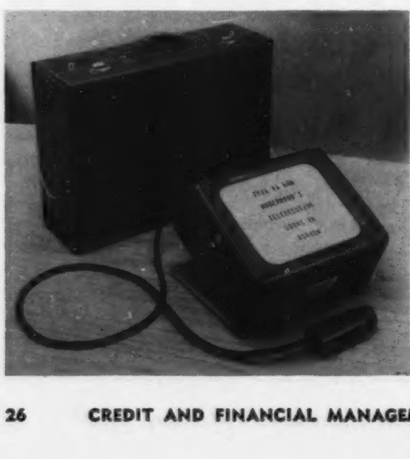
New Equipment to Speed Production and Reduce Costs

Desk-Top Copy Machine

B-245 Without inks, messy chemicals or negatives, on-the-spot copies can be produced at a speed up to 200 copies an hour, with the BAMBINO desk-top copying machine, especially useful in decentralized operations and smaller offices. The OZALID Bambino dry-copies anything that's printed, written, typed or drawn on sturdy translucent paper (over 80 per cent of company letterheads are translucent enough to make legible Ozalid copies). Dry copies may be had on Ozalid's wide variety of papers, cards, cloths or films. Printing width up to 9", any length. File space is saved because you can have extra copies any time you want them.

Electronic Prompting Device

B-246 The Underwood Corporation TELEXECUTIVE portable electronic prompting device brings to all public speakers a device long used in television and motion picture studios. The TelExecutive eliminates the need of memorization, thereby increasing assurance. The speech unwinds before the speaker in large, easy-to-read



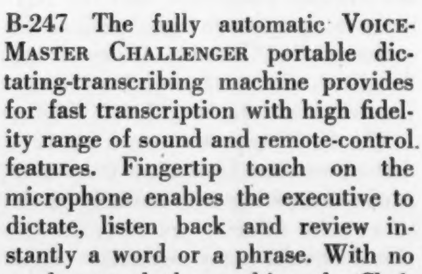
INTRODUCED AT BUSINESS SHOW

IT IS axiomatic that money spent for modern equipment returns in the form of business profits by bringing costs down. For its monthly roundup in this department, CFM presents some of the latest developments, introduced at the recent business show in New York.

Push-button techniques that extend office automation advantages to every size and type of business, equipment as neat in design as the work turned out, laborsaving and timesaving, these are standout features of the new devices.

letters, at variable hand-controlled or fixed speed, as desired. The speech is typed on special translucent script paper on the Underwood typewriter with special large-size TelePrompter type.

Pushbutton Dictating



B-247 The fully automatic VOICE-MASTER CHALLENGER portable dictating-transcribing machine provides for fast transcription with high fidelity range of sound and remote-control features. Fingertip touch on the microphone enables the executive to dictate, listen back and review instantly a word or a phrase. With no need to touch the machine, the Challenger (measuring only 10x11x3¼" and weighing only 10 lbs.) can be concealed inside a standard desk drawer, and lends itself to remote dictation setups in adjoining rooms. The magnetic discs are indefinitely reusable and unbreakable.

Machine for Offset Plates

B-248 Automatic fast production of offset plates, with assurance against underexposure or overexposure and in sizes that fit offset reproduction equipment commonly in use, may be achieved with the Robertson DIAL-A-PLATE PRINTER. When the dial is set, the exclusive "electronic-eye" takes over, automatically controlling the amount of light reaching the plate and giving uniform exposures every time. The Dial-a-Plate is available in both 10x16" and 20x24" sizes (usable area). Manufacturer is Robertson Photo-Mechanix, Inc.

New 8-Station Intercom

B-249 The Series "40" Flexifone Intercom engineered by DUKANE CORPORATION provides a new master of 8-station capacity for internal communications. The "40-8" can be used in master-to-master, or master-to-speaker service, or any combination of both; also for speaker-to-speaker operation. A privacy set is available. The unit has self-clearing keyboard action and there is no chance of transmitting a message to two persons unless you wish to do so. Compact, it takes little space on the desk.

Automatic Offset Duplicator

B-250 Designed to bring print-shop quality to office duplicating, the new DITTO Offset Duplicator is completely automatic and simple to operate. The unit makes it possible for business offices to produce high quality black-on-white work for anything from simple memos to complex system forms, and easily handles jobs involving line drawings and halftones. Copy preparation is simple. The offset paper mat is prepared in a standard typewriter, or with lithographic pencil or pen. Next, the finished mat is snapped onto the machine and copies are run. Metal mats for long runs are available. The DITTO, Incorporated unit is only 26" wide and 32" long; has production speed of 4,500 to 8,000 impressions an hour.

Lower Cost Microfilming

B-251 For greater economy in microfilming operations, the new RECORDAK RELIANT Microfilmer offers a choice of three reduction ratios. Lenses can be simply interchanged to provide 40 to 1, 32 to 1, and 24 to 1 reductions. Up to 29,000 check-size items can be recorded on a 100-ft. roll of film. The Reliant Microfilmer will accept documents up to 12" wide; length of document is unlimited so that large accounting forms and long adding machine tapes can be photographed. A new indorser-canceller is offered as an accessory. Three methods of filming—standard, duo and duplex—assure further economy. A built-in precision feeder allows only one document to go through at a time.

This Department will welcome opportunities to serve you by contacting manufacturers or wholesalers for further information regarding products described herein. Address MODERNIZING, Credit & Financial Management, 229 Fourth Ave., New York 3.

Imprint Cartons As Needed

B-252 The Model 4800 carton imprinting machine of PITNEY-BOWES, INC. is designed to replace hand-stamping of packing materials and hand-affixing of labels, and enables users to eliminate large inventories of cartons ordinarily printed in advance. Automatic feed, imprint and power-stacking are at a rated speed of 10,000 pieces an hour, the manufacturer announces. The Imprinter handles anything from small envelopes to large cartons. The machine can accommodate material sizes from $2\frac{1}{2}$x$2\frac{1}{4}$" up to 18x18", and thicknesses from .010 to $\frac{3}{16}$".

Simple Offset Machine

B-253 The A. B. Dick Company's new Offset Duplicator Model 350 has many features to simplify production of quality copies of linework or halftones. With the Model 350, letterheads, bulletins, forms, advertising literature and other materials can be produced in the office with appreciable savings of time and money. The Aquamatic control which governs the balance between ink and fountain solution, eliminates the necessity of operator skill. Self-adjusting cylinders enable switching from the lightest paper master to a metal plate, or from 12-lb. paper to bristol stock, without adjusting cylinder or roller pressures. The 10-ream capacity feed table is easily set for paper sizes from 3x5" to 11x16". The Model 350 will produce up to 9,000 copies an hour.

New Systems Duplicator

B-254 The 1956 Multilith Model, Class 1250 Series, Multigraph Duplicator comes with three new attachments to accelerate systems and general office paperwork processing. Pilot installations on high-volume systems procedures have proved that hourly output can actually be doubled over previous methods, says the manufacturer, Addressograph-Multigraph Corporation. Using Multilith Masters the Class 1250 gives complete business records from blank paper. Besides normal duplicated material, forms, business stationery, pictorial advertising and promotional material in one or more colors can be produced quickly and easily on the 1956 model. Variable speed control. Automatic paper feed takes paper sizes to 11"x 14". Floor space overall $25\frac{1}{2}$"x$60\frac{3}{4}$".

ON THE

Personal Side


G. H. WIER


ERIC BRIDGES


L. S. VENABLE


R. E. CARTER

DAVID V. AUSTIN, elected a director of Standard Factors Corporation, New York, had been vice president of Manufacturers Trust Company, and prior to recent retirement from the latter had been a director of the New York Credit and Financial Management Association; president of the 475 Club (1953); trustee of the National Institute of Credit; president, New York chapter of Robert Morris Associates (he holds its Distinguished Service Award). He was accorded the Toppers Club Credit Award in April 1955.

ALAN W. DREW, formerly assistant controller, Royal Typewriter Co., New York City, has been named controller, succeeding E. T. Quinn, who has resigned to devote more time to his duties as controller of the Royal McBee Corp.

GRANT H. WIER, CPA, named controller of Commonwealth Edison Company, Chicago, joined Edison in 1937 as senior auditor and since 1947 has handled all federal tax matters for the Commonwealth system. He was named assistant controller in 1950.

ERIC BRIDGES, advanced to the credit managership of Louisville's *The Courier-Journal* and *The Times*, succeeds the late Robert Gratzer, to whom he had been assistant for more than 30 years. Mr. Bridges started with *The Courier-Journal* as a carrier.

LEONARD S. VENABLE, now on the board of directors of The Warren Company, Atlanta, is also a director of the Georgia Association of Credit Men, Inc. In the company he is assistant secretary-treasurer and general credit manager. He began in the accounting department in 1937 and was personnel director 1942-45.

ROBERT E. CARTER has been named assistant to the president of the Charles R. Hadley Company, Los Angeles. George L. Todd, who heads Hadley and the Todd Company, Inc., of Rochester, N.Y., both subsidiaries of Burroughs Corporation of Detroit, made the announcement.

DEWEY WALKER, for 27 years with Mid-Continent Petroleum Corporation, in sales, operations and credits, and former president of the Terre Haute (Ind.) Association of Credit Men, has been named credit manager of the D-X Sunray Oil Company, a consolidate of Mid-Continent Petroleum Corporation and Sunray Oil Co. He will operate from Tulsa, Okla.

In promotions at Continental Steel Corporation, Kokomo, Ind., WILLIAM G. HARTER advanced to vice president and treasurer, and GEORGE V. REED, formerly credit manager, has been named assistant treasurer. Mr. Harter was credit manager from 1934 to 1940, when he advanced to assistant treasurer. At that time Mr. Reed had stepped into the credit manager post.

WILLIAM H. BROWN has advanced to vice president and chief financial officer, American Viscose Corporation, Philadelphia, from secretary-treasurer.

ROBERT W. FRANCE has been named treasurer, Beatrice Foods Company, Chicago. He succeeds Herbert W. Post, retired, who continues as a director. With the company 22 years, Mr. France most recently had been assistant treasurer and general credit manager.

MATTHEW A. HALL has become assistant treasurer-controller of The Carborundum Company, Niagara Falls, N.Y. A graduate electrical engineer of Cornell University, Mr. Hall became interested in accounting and finance and began his business career on the chief accountant's staff of the New York Telephone Company. Since 1934 he had been with Price Waterhouse & Company.

RAY A. SCOTT has been advanced from assistant comptroller to comptroller of the Northwest Bancorporation, Minneapolis, Minn. He is a graduate of the University of Iowa and was previously with the CPA firms of McGladrey, Hanson, Dunn & Co., Cedar Rapids, and Allen & Co., Des Moines. He joined Banco in 1953.

JOHN LOWMAN, now vice president of the First National Bank, Ft. Myers, Fla., was assistant treasurer of The Cleveland Trust Company, in Ohio.

FRED G. DUNCAN, appointed credit manager of the export department of Stanley Works, New Britain, Conn., is a member of the advisory board of the Foreign Credit Interchange Bureau, N.A.C.M.

FRED J. BLUM has added the responsibilities of vice president to those of secretary and treasurer, Midwest Piping Company, Inc., St. Louis. He is a past president of the St. Louis Association of Credit Men.

W. F. AMBRY has advanced to treasurer of Factory Supply Company, Muskegon, Mich. He served for three years as president of the Muskegon Association of Credit Men and is presently association councillor.

Trends

in commerce

in industry

in finance

Fact v. Fiction

SHORTSIGHTED fear that automation will wreck employment and free enterprise could prompt governmental regulation that "would seriously threaten its certain favorable long-run effects," writes an analyst in the monthly review of the Guaranty Trust Company of New York.

Automation is merely the current stage of the progress which free enterprise has made possible, and "there is every reason to expect that a free economy will adjust itself to automation and turn it to the purposes of the general welfare, as it has done at earlier stages," he declares.

While "every step in industrial progress involves the displacement of some workers from their jobs, the history of industrial progress is a history of increasing, not diminishing, demand for labor. What the alarmists forget is that every saving in the cost of producing a commodity or service automatically releases an equivalent amount of buying power for the purchase of other commodities and services."

Electronics in Government

ELECTRONICS will soon start saving the Federal Government $1.75 millions a year with the installation of high speed electronic equipment to process payment of 350 million Treasury checks annually. The machines will also be used to reconcile the checks after payment, according to the announcement.

Diet and Farm Income

LONG-TERM total demand for farm products will show a substantial increase with the upgrading of diets and the rising population, with diet improvement of lower income families auguring particularly auspiciously for livestock producers, though the burdensome over-production presages a "rather dim" outlook for 1956 with a moderate decline in cash receipts from farm marketings likely, says the Federal Reserve Bank of Chicago. Costs to farmers may show little change, for lower prices for such materials as feed, livestock and seed may offset expected average increases in prices paid for equipment and other materials.

The big question is whether output will continue to expand more rapidly than consumer demand.

Labor Bottlenecks

EVIDENCES of the approach of full employment are multiplying in labor bottlenecks in big industrial cities across the nation, say the economists of the Federal Reserve Bank of Cleveland.

"Certain types of skilled labor have become difficult to obtain," according to the Fourth District analysts, "and key raw materials such as steel, cement, copper and rubber are in short supply. Labor turnover has increased, and a large number of housewives and other marginal workers are entering the labor force."

Welcome Lightning Strikes Twice!

Twice in less than four months the Hammond Organ Company, Chicago, has made general wage increases to its 1,300 shop and office workers. The increase of 10 cents an hour or 5 per cent, whichever greater, which became effective January 2nd, duplicated the raise of September 1st.

Citing the greater efficiency achieved, President Stanley M. Sorensen said that no price increase was contemplated.

Fringe benefits include a pension-type severance pay plan, "oldtimers bonus," group insurance, annual vacations and seven paid holidays.

"The outlook for our business in the coming year is excellent," Mr. Sorensen told the staff.

5% Switch Tax Plan

DECLARING that it was "risk capital" that made possible such companies as General Motors, General Electric, RCA and Minneapolis-Honeywell, the *Investor's Future* magazine of Crystal Lake, Ill., Chicago commuter town, advocates what it calls the "5 Per Cent Switch Tax Plan."

The plan calls for a simple rule change in the capital gains law to permit the investor (individual or corporation) to take long-term capital gains (six months minimum) and pay only a 5 per cent "switch tax" if he reinvests the money within 30 days.

If he does not reinvest within 30 days he would pay the present capital gains tax (with its 25 per cent maximum) on the difference between his original investment and the final sales price.

Tariff Cuts and Aids

STRAIGHTFORWARD tariff reduction and aid for readjustment to industries and communities hurt by increased imports should be made the immediate program of the United States. This is the conclusion of a study and policy report issued jointly by the Twentieth Century Fund and the National Planning Association. The Fund financed the study, written by Don D. Humphrey, widely known professor of economics at Duke University.

The Right to Know

CENSORSHIP and secrecy, "wherever and whenever encountered, at every level of government," will be fought down the line by the officers and committees of the Associated Press Managing Editors Association if they follow through on a resolution adopted at the annual gathering.

Ernest A. Rovelstad

BEGUN ON PAGE 8

SWENDER: 10% a Bit High To Start; Can Build Later

(Concluded from page 11)

I have read that an early credit man would allow up to 10 per cent of net worth in establishing a high credit limit. I feel 10 per cent is a little high. After all available information is assembled, we set a rather conservative figure to start out to be used as a guide, not a strict limit. After the customer establishes himself and demonstrates he can and will pay in line with sales terms, the line of credit can be extended accordingly to accommodate dealer's merchandise needs.

While I feel that a percentage of net worth of a customer may be used as a guide for establishment of a high credit limit, it is necessary and important to judge each case on individual merits. The ability of the dealer to sell merchandise, collect and pay for it, is really what counts. One dealer may show a fair net worth but have most of his money tied up in slow-moving receivables, real estate or other fixed assets, and from the start would have difficulty paying his bills. Another dealer may have a smaller net worth but have his money invested principally in quick assets and through aggressive selling and collecting could discount his bills right along.

Begins with Percentage of Net Worth of the Account

ROGER O. BARROWS, Credit Manager, De Witt-Seitz Company, Duluth, Minnesota

IN OUR company, lines of credit are applied experimentally to unknown or new accounts until a paying record is established.

In most cases, the line is set in accordance with a percentage of the customer's net worth, and is adjusted up or down as our experience with that account grows. The limits are influenced by the amount of working capital we can afford to carry in accounts and our position in the financial lineup of other distributors in our line. We try to keep to a minimum the percentage of our dollar total of accounts receivable in limited accounts and, similarly, we do not risk as high a line as do the multi-million dollar corporations.

In exceptional cases, the lines are upped when it is apparent that we are securing the principal share of a customer's business and his purchases from us exceed the average. In the event of a bad debt loss, the profit on goods already sold and paid should exceed (we hope) the loss. That is what we mean when we use the term "calculated risk." In the great majority of cases, however, the volume of business we receive from our store customers does not result in monthly accounts which exceed the credit lines we could establish by considering the above factors. In other words, the use of credit lines is limited to low-rated customers, and new or unrated customers, on whom adequate information is not available.

Disputes Net Worth Basis; Favors Net Working Capital

HARALD H. RASMUSSEN, Credit Manager, The Emerson Drug Company of Baltimore City, Maryland

LEAVING out the technical aspects, here is our basic approach to setting credit lines:

(1) If the account is or could become a worthwhile customer and if his personal and business background is satisfactory, the setting of a credit line should aim to give him *all* the credit to which he is entitled.

(2) Estimate his requirements—an adequate inventory of our products in assorted sizes.

(3) Determine his ability to pay or debt-paying power. Our share would be a certain percentage of his debt-paying power.

(4) If ability to pay is greater than estimated requirements, then his requirements will become the credit line. Used in this manner, it serves as a check on overbuying. As his requirements increase, there is room for an increase in the credit limit.

(5) If estimated requirements are greater than the estimated debt-paying power, then the latter becomes the established line.

(6) As used by us, a "limit" is really a tentative line of credit. Orders which exceed the limit are not automatically turned down or reduced. They are merely subjected to closer scrutiny in the light of current information and current business conditions affecting that particular customer.

The second question raised is whether a percentage of net worth of a customer can be used as a basis for the establishment of a high credit line. This, in my opinion, is an unsatisfactory basis. Net worth may include excessive investments in real estate and equipment and various other items such as goodwill, which under this plan would lead to an excessive credit line.

We would much prefer to use a percentage of net working capital as a *guide* for establishing high credit lines. If all other factors are favorable, that method can be useful if we have a great number of customers in the same business classification such as filling stations or drug stores. The percentage decided upon might then be applied to customers in a well-balanced, sound financial condition.

Assigning Very Liberal Line Avoids Unnecessary Detail

H. G. CASHMORE, Credit Manager, Federal Pacific Electric Company, Newark, New Jersey

AFTER having been responsible for many years for setting up lines of credit in diversified types of industry, I have concluded that it is strictly a matter of personal opinion and decision.

The same problem, I find, can be submitted to ten senior credit executives, and you will get ten different viewpoints, even if the identical information is furnished each of the ten.

I have always gone on the premise that assuming approximately 10 per cent of any company's net worth as an approximate, flexible line of credit seems to work out reasonably well.

At all times there must be taken into full consideration that any firm is going to purchase its needs from

(Concluded on page 38)

Exchange Ideas with Your Fellow Executives On Industry Groups Day at Credit Congress

By EDWARD HEINE
General Chairman
Industry Meetings Committee

CONVENTIONS are important! The main purpose of any convention is to bring together those individuals who have a common interest so that they may work together for a common good.

That is the general theme. However, in the 60th Annual Credit Congress, May 13-17, at Cincinnati, there is a more personal goal. Each of us specializes in a particular field, a field in which there are problems peculiar to our own industry; a field where we come in contact with each other almost daily through the medium of our accounts.

Credit is "Man's Confidence in Man", but very often credit acceptance is continued on the basis of the confidence one credit executive has in other credit executives accepting the credit of the same account and better informed of his credit worthiness. Time and again it has been shown that coordinated action on the part of credit executives has saved an account or, at the worst, has got the most out of a bad situation.

Don't you sometimes feel that you would like to know that credit executive who is concerned with you in one of your problem accounts? Isn't it a grand feeling to know that you can turn to "Long Distance" and exchange confidences regarding many of the problems that confront you, both administratively and technically? It's hard to do this with strangers, so get to know your fellow credit executives in your own industry. That is precisely the purpose of Industry Meetings Day, Tuesday, May 15th, set aside in entirety for Industry Groups' sessions.

Each of the Industry Groups has a full schedule planned for the day. Problems of common interest will be discussed. You will have the opportunity to meet old friends and make new ones, friends with whom you will work throughout the years, who will help further your career in credit.

Do you have a problem to be solved? Others in your industry likely have the same problem or have successfully overcome it. In one day you can exchange ideas with more executives in your own field than you could contact in months of correspondence. Others are counting upon you to help them.

CREDIT EXECUTIVE of the H. A. Seinsheimer Company, Cincinnati, Mr. Heine is also chairman of the Wearing Apparel and Footwear Industry Meeting

May 15 is a day for each of us to be of service to our fellow members as well as to ourselves. We owe it to one another to make this Industry Meeting the best ever.

Following is a list of the individuals who will be administering the Industry meeting programs on the day set aside for them, Tuesday, May 15th.

Advertising Media

Chairman—C. C. RULE, Seattle Times, Seattle.
Vice Chairmen—R. BRUCE DEWESE, Memphis Publishing Co.; A. IMSANDE, Cincinnati Enquirer.
Secretary-Treasurer—MORRIS W. COFFMAN, Dayton Daily News-Journal Herald.

Automotive

Chairman—BEN KEAM, JR., Monarch Auto Supply Co., Covington, Ky.
Vice Chairman—J. W. MARSTELLER, DeVilbiss Co., Toledo.
Committee Members—WM. B. BEHRENS, The Randall Co., Cincinnati; MISS LAVERNE PETRAS, The Cleveland Ignition Co., Cleveland; PAUL L. SNYDER, Electric Auto Lite, Toledo; JOSEPH VALLERO, National Auto Supply, East St. Louis, Ill.
Councillor—T. M. SHERMAN, Thompson Products, Inc., Cleveland.

Bankers

Chairman—ODELL L. BERNIUS, The Fifth Third Union Trust Co., Cincinnati.
Committee Members—R. H. BROOKES, The First National Bank of Cincinnati; P. J. GEERS, Cincinnati Branch, Federal Reserve Bank of Cleveland; C. E. HOMAN, The Peoples Liberty Bank & Trust Company, Covington; LOUIS F. KISPERT, The Norwood-Hyde Park Bank & Trust Co., Norwood, Ohio; JAMES K. LEWIS, The Central Trust Co., Cincinnati; F. A. MCCRACKEN, Newport National Bank, Newport, Ky.; EDWARD A. VOSMER, The First National Bank & Trust Co., Covington.

Brewers, Distillers and Liquor Wholesalers

Chairman—W. H. MOELLER, Burger Brewing Co., Cincinnati.
Vice Chairman—W. STANLEY ELLISON, American Distilling Co., Pekin, Ill.
Committee Members—LILLIAN G. MADDEN, Falls City Brewing Company, Inc., Louisville; JOHN H. WILSON, Jos. Schlitz Brewing Co., Milwaukee; WHEELER WOLTERS, Capitol Liquor, Milwaukee.

Building Material and Construction

Chairman—JOSEPH L. WOOD, Johns-Manville Corp., New York.
Vice Chairman—WINSTON H. BREEDEN, Snook-Veith Lumber Co., Cincinnati.
Committee Members—ALLAN S. BARTON, JR., Cupples Co., St. Louis; R. EARL PRATT, Fischer Lime & Cement Co., Memphis; ARTHUR REESE, W. P. Fuller & Co., Los Angeles.

Cement

Coordinating Chairman and Executive Secretary—ELLIOT BALESTIER, JR., Cement Credit Division, N.A.C.M., Hackensack, N. J.
Chairman—Eastern Group—FRANK J. DUSTEN, Lone Star Cement Corp., Bethlehem, Pa.
Chairman — Central Group — GLENN R. OSTRANDER, Marquette Cement Manufacturing Co., Chicago.
Chairman — Southern Group — FRANK P. BEARD, JR., Carolina Giant Cement Co., Columbia, S. C.
Chairman—Western Group—RAYMOND L. MAREK, Hawkeye-Marquette Cement Co., Des Moines.

(Continued on following page)

Chemical and Allied Lines

Chairman—Louis R. Compton, Harshaw Chemical Co., Cleveland.
Vice Chairman—Alto J. Smith, Hercules Powder Co., Wilmington.
Committee Members—Wiley Arnold, Rohm & Haas Co., Philadelphia; George J. Hawkins, Union Carbide International Corp., New York; Lloyd Sinnickson, American Cyanamid Company, Inc., New York; O. M. Storholm, Columbia Southern Chemical Co., Pittsburgh; Louis Stoskopf, Victor Chemical Works, Chicago; George F. Wincard, Monsanto Chemical Co., St. Louis.
Recording Secretary—Miss Clare I. Gincel, Givaudan-Delawanna, Inc., New York.

Confectionery Manufacturers

Chairman—Archer C. Bowen, The Walter Baker Chocolate & Cocoa Div., General Foods Corp., Dorchester, Mass.
Vice Chairman—William H. Bates, Frank H. Fleer Corp., Philadelphia.
Committee Members—J. C. Lamon, Kimbell Candy Co., Chicago; Barbara J. Trudeau, Orange-Crush Co., Chicago.

Drugs, Cosmetics and Pharmaceuticals

Chairman—John N. Black, Parke, Davis & Co., Cincinnati.
Vice Chairman—David R. Santas, The Toni Co., Division of the Gillette Co., Chicago.
Committee Members—Frank H. Borchert, Colgate-Palmolive Co., Kansas City; D. J. Fogarty, Grove Laboratories, Inc., St. Louis; Harald Rasmussen, Emerson Drug Company of Baltimore City.

Electrical and Electronics Manufacturers

Chairman—Peter J. Wilder, Century Electric Co., St. Louis.
Vice Chairman—R. E. Clark, Joslyn Manufacturing & Supply Co., Chicago.
Committee Members—Catherine A. Boland, John A. Roebling's Sons Corp., Chicago; Mrs. Marie D. Geisey, Irvington Varnish & Insulator Division, Minnesota Mining & Manufacturing Co., Irvington, N. J.; Jackson B. Holden, Westinghouse Electric Corp., Mansfield, Ohio; W. J. Jiles, Crosley Distributing Division, Avco Manufacturing Corp., Cincinnati; H. J. Langhans, Anaconda Wire & Cable Co., Hastings-on-Hudson, N. Y.; Joseph G. Martin, Westinghouse Electric Corp., Atlanta; H. C. Starr, Trade-Wind Motor Fans, Inc., Rivera, Calif.

Electrical and Radio Wholesalers

Chairman—M. H. Anderson, Graybar Electric Company, Inc., Cincinnati.
Vice Chairman—Harry L. Krebs, Graybar Electric Company, Inc., Jacksonville.
Committee Members—Miss Rosa G. Bassler, F. D. Lawrence Electric Co., Cincinnati; Howard G. Hubert, General Electric Supply Co., St. Paul; Fred R. Madigan, Westinghouse Electric Supply Co., Omaha; Paul F. Wilber, Zenith Radio Distributing Corp., Chicago.

Feed, Seed and Agricultural Suppliers

Co-Chairmen—James G. Johnston, Security Mills, Knoxville; M. H. Longmire, Kentucky Chemical Industries, Inc., Cincinnati.
Committee Members—R. F. Chapman, The Quaker Oats Co., Memphis; A. G. Hunt, Jr., Maritime Milling Company, Inc., Buffalo, N. Y.; J. H. Murphy, Universal Mills, Fort Worth; L. A. Robbins, Lindsey-Robinson & Co., Roanoke; A. M. Stevens, Ralston Purina Co., St. Louis.

Fine Paper

Chairman—Harold C. Steward, Whitaker Paper Co., Cincinnati.
Vice Chairman—R. S. Vosmer, Sabin Robbins Paper Co., Cincinnati.
Committee Members—Eugene V. Bush, The Rowland Paper Co., Louisville; J. M. Green, Miller Paper Co., Louisville; David H. Hotchkiss, The Petrequin Paper Co., Cleveland; John Mueller, Carpenter Paper Co., Omaha; T. S. Ownley, Cincinnati Cordage & Paper Co., Cincinnati; M. W. Wendorf, McIntosh Paper Co., Chicago.

J. N. BLACK

O. L. BERNIUS

M. H. ANDERSON

P. J. WILDER

Floor Coverings and Furniture

Chairman—William Layman, Breneman-Hartshorn, Inc., Cincinnati.
Vice Chairman—Louis Giachino, Berven Carpets Corp., San Francisco.
Committee Members—Ruby N. Burbank, Virtue Bros. Manufacturing Co., Los Angeles; Noble M. McGuire, Cabin Crafts, Inc., Dalton, Ga.; R. L. Nahin, Neidhoefer & Co., Milwaukee; Clarence Poulter, William Volker & Co., Kansas City.

Food Products and Allied Lines Manufacturers

Chairman— Robert L. Wagner, The Frank Tea & Spice Co., Cincinnati, Ohio.
Vice Chairman—D. W. Earl, Thomas J. Lipton, Inc., Hoboken, N. J.
Committee Members—E. J. Agnew, Campbell Soup Co., Camden, N. J.; C. A. Armstrong, Drackett Products Co., Cincinnati, Ohio; H. A. Blackley, General Foods Sales Div., General Foods Corp., Oakland, Calif.; J. C. Carneval, Maxwell House Div., General Foods Corp., Union City, N. J.; Bernard S. Zipern, Louis L. Libby Food Products, Inc., Long Island City, N. Y.

Food Products Wholesalers

Chairman—Walter G. Levo, Janszen Co., Cincinnati.
Vice Chairman—Henry Adcock, Clark & Lewis Co., Inc., Jacksonville.
Committee Members—J. K. Beyerle, Hills Bros. Coffee, Inc., Portland, Ore.; C. L. Holtam, Standard Brands, Inc., Cincinnati; Harold J. Miller, Altstadt & Langlas Baking Co., Waterloo, Iowa.

Hardware Manufacturers

Chairman—Eugene M. Steenburgh, Heller Brothers Co., Newcomerstown, Ohio.
Vice Chairman—Leo Krashen, Universal Screw Co., Chicago.
Committee Members—Milton J. Barber, Tinnerman Products, Inc., Cleveland; Charles A. Dillman, American Screen Products Co., Miami; Carl A. Stephan, Hoggson & Pettis Manufacturing Co., New Haven.

Hardware Wholesalers

Chairman—William Kull, The Kruse Hardware Co., Cincinnati.
Committee Members—R. C. Bryan, Jr., Wiant & Barr Hardware Co., Parkersburg, W. Va.; G. C. Klippel, Van Camp Hardware & Iron Co., Indianapolis; Theo. Lacy, Hibbard, Spencer, Bartlett & Co., Evanston, Ill.; George McLenon, Blish, Mize & Silliman Hardware Co., Atchison, Kans.; B. Earle Walker, C. M. McClung & Co., Knoxville.

Hotels

Chairman—Beth Anway, Radisson Hotel, Minneapolis.
Vice Chairman—Charles Miller, Sheraton-Gibson Hotel, Cincinnati.

Insurance

Chairman—Ralph H. Mullane, Liberty Mutual Insurance Co., Boston.
Vice Chairmen—David Q. Cohen, Association of Casualty & Surety Companies, New York; L. A. Fitzgerald, American Mutual Alliance, Chicago; Donald B. Sherwood, The National Board of Fire Underwriters, New York.
Secretary—Charles S. Cooper, National Surety Corp., New York, N. Y.
N.A.C.M. Liaison Representatives—Ralph E. Brown, Marsh & McLennan, Inc., St. Louis, Mo.; William S. Wanvig, Globe-Union, Inc., Milwaukee, Wisc.
N.A.C.M. Staff Representative—E. B. Moran, National Association of Credit Men, New York, N. Y.

Iron and Steel, Non-Ferrous Metals and Related Lines

Chairman—R. A. Nunlist, Armco Steel Corp., Middletown, Ohio.
Vice Chairman — Leonard K. Morse, Bridgeport Brass Co., Bridgeport.
Committee Members—W. J. Kleffman, Laclede Steel Co., St. Louis; George V.

Reed, Continental Steel Corp.. Kokomo, Ind.; Nathan Siegel, Detroit Steel Corp., Detroit; J. S. Ure, Joseph T. Ryerson & Son, Inc., Chicago.

Machinery and Supplies

Chairman—Edward G. Gruber, Highway Equipment Co., Cincinnati.
Vice Chairman—J. A. Swaney, Harris-Seybold Co., Cleveland.
Committee Members—Mrs. Georgie M. Anderson, Chas. W. Stone Co., Minneapolis; Leonard L. Cooper, Grand Rapids Supply Co., Grand Rapids, Mich.

Meat Packers

Chairman—H. S. Oldham, E. Kahn's Sons Co., Cincinnati.
Committee Members—R. A. Carrier, Agar Packing & Provision Corp., Chicago, Ill.; F. J. Mazer, Oscar Mayer & Co., Madison, Wisc.; Wilda M. Stroup, H. H. Meyer Packing Co., Cincinnati, Ohio.

Oil Field Services and Supplies

Chairman—Miss O. E. Wynn, The Chemical Process Co., Breckenridge, Texas.
Vice Chairman—Harry L. Richardson, Baroid Sales Div., National Lead Co., Houston.
Committee Members—D. T. Brooks, Schlumberger Well Surveying Corp, Dallas; J. B. Orme, Jr., Emsco Manufacturing Co., Los Angeles; B. E. Williford, Associated Oil Field Rentals, Houston.

Paint, Varnish, Lacquer and Wallpaper

Chairman—E. H. Waid, The Sherwin Williams Co., Cincinnati.
Vice Chairman—Elmer M. Chance, Eagle Picher Co., Cincinnati.
Committee Members—Wm. H. Melvin, Melvin Supply Co.; A. F. Moorman, Jr., Porter Paint Co.; Robert E. Wirth, Cincinnati Color Co., all of Cincinnati.


WILLIAM LAYMAN


R. L. WAGNER


M. H. LONGMIRE


R. A. NUNLIST

Paper Products and Converters

Chairman—Harold J. Voorhis, Gardner Board & Carlton Co., Middletown, Ohio.
Vice Chairman—P. Edward Schenck, Container Corporation of America, Philadelphia.
Committee Members—Allan G. Campbell, Jr., Westcott Paper Products Co., Detroit; Leonard J. Gruber, The Central Carton Co., Cincinnati; Nicholas J. Puppo, Triangle Container Corp., Chicago; E. F. Stettin, The Dobeckmun Co., Cleveland.

Petroleum

Chairman—J. P. McLaughlin, Richfield Oil Corp., Los Angeles.
Vice Chairman—Murray V. Johnston, Gulf Oil Corp., Pittsburgh.
Committee Members—A. A. Hock, Tide Water Associated Oil Co., San Francisco; A. I. Richardson, Sun Oil Co., Philadelphia; A. J. Woodward, Anderson Prichard Oil Corp., Oklahoma City.
Program Committee Chairman—A. E. Fletcher, The Standard Oil Co. (Ohio), Cleveland; *Committee Members*—Francis W. Bergin, Cities Service Oil Co., Cleveland; Arnold Mauck, The Texas Co., Indianapolis; Robert C. Utley, Aurora Gasoline Co., Detroit; Willis H. Winters, Allied Oil Company, Inc., Cleveland.

Photographic Manufacturers and Distributors

Chairman—Robert H. Groppe, Arel, Inc., St. Louis.
Vice Chairman—John T. Hughes, Bell & Howell Co., Chicago.
Committee Members—Robert Clive, Keystone Camera Co., Inc., Boston; Arthur W. Plate, LaBelle Industries, Inc., Oconomowoc, Wis.; Eli Shamiel, Polaroid Corp., Cambridge, Mass.

Plumbing, Heating, Refrigeration and Air Conditioning

Chairman—John Robertson, Robertson Heating Supply Co., Alliance, Ohio.
Vice Chairman—Robert Woodward, The Palmer-Donavin Manufacturing Co., Columbus, Ohio.
Committee Members—John T. Brown, Jr., Hajoca Corp., Philadelphia; Irene T. Eberhard, Richards Manufacturing Co., Grand Rapids; Harvey J. Malde, Mueller Climatrol, Milwaukee; Katherine Neubauer, Airtemp Div., Chrysler Corp., Dayton; S. Shuman, Richmond Radiator Co., Metuchen, N. J.; Weir G. Swanson, Capitol Supply Co., Lincoln, Neb.

Public Utilities

Chairman—Fred J. Flom, Detroit Edison Co., Detroit.
Chairman Planning Committee—R. B. Mitchell, The Peoples Gas Light & Coke Co., Chicago.
Vice Chairmen Planning Committee—Julius C. Luchsinger, Cincinnati Gas & Electric Co., Cincinnati; David R. Wilson, Duquesne Light Co., Pittsburgh.
District Representatives—
Eastern—J. R. Heery, The United Illuminating Co., New Haven.


FRED J. FLOM


JOHN ROBERTSON


H. J. VOORHIS


BETH ANWAY

Central—John Gibson, Michigan Consolidated Gas Co., Detroit.
Southern—E. C. Paxton, Dallas Power & Light Co., Dallas.
Western—J. W. Mott, Arizona Public Service Co., Phoenix.
Southeastern—Wallace Wingfield, Atlanta Gas Light Co., Atlanta.
Canadian—J. P. Davey, Hydro-Quebec Electric Commission, Montreal.

Textile

Chairman—J. Joseph Brown, Catlin Farish Company, Inc., New York.
Vice Chairman—Harold Emrich, Woodward Baldwin & Co., New York.
Committee Members—Miss Blanche M. Bixby, American Fabrics Co., Bridgeport; William C. Hornickel, L. F. Dommerich & Co. California Corp., Los Angeles; J. C. Osborne, Trust Co. of Georgia, Atlanta.

Wearing Apparel and Footwear

Chairman—Edward Heine, The H. A. Seinsheimer Co., Cincinnati.
Committee Members—Ray Fowler, Pendleton Woolen Mills, Pendleton, Ore.; Arthur C. Keller, Nunn Bush Shoe Co., Milwaukee; George J. Schaefer, Columbia Shirt Company, Inc., New York; Florence Strahorn, L. B. Evans' Son Co., Wakefield, Mass.

New Paraplegics Rehabilitation Unit, Liberty Mutual Co-sponsor

An industrial rehabilitation department and neurosurgical center for paraplegics, for total care until full restoration to society, has been opened in the Haynes memorial department of the Massachusetts Memorial Hospitals, Boston.

Liberty Mutual Insurance Company is co-sponsor with the Memorial Hospitals and their affiliated medical school at Boston University.

Industrial Unity Needed to Avoid Political Controls, Petroleum Credit Executives Told

THE NEW BOARD, American Petroleum Credit Association (seated, l to r): F. J. Hutchings, Esso Standard Oil Co., New York; E. P. Simmons, Magnolia Petroleum Co., Dallas; G. J Timone, The American Oil Co., New York; Lyle E. Cunningham, The Ohio Oil Co., Findlay, Ohio; R. W. Vanden Heuvel, Shell Oil Co., San Francisco; H. E. Butcher, Cities Service Oil Co., Chicago; S. J. Haider, National Association of Credit Men; M. V. Johnston, Gulf Oil Corp., Pittsburgh; J. P. McLaughlin, Richfield Oil Corp., Los Angeles; A. I. Richardson, Sun Oil Co., Philadelphia; F. L. Drake, Socony-Mobil Oil Co., New York; M. L. Rufer, Standard Oil Co. (Ind.), Chicago; A. J. Woodward, Anderson Prichard Oil Co., Oklahoma City; A. A. Hock, Tide Water Associated Oil Co., San Francisco. STANDING: H. M. Allen, Sinclair Refining Co., Chicago; B. H. Morse, Cities Service Oil Co., Chicago; J. I. Clemons, The Texas Co., Dallas; F. E. Stephenson, Arkansas Fuel Oil Co., Shreveport; W. S. Morris, The California Oil Co., Perth Amboy, NJ., and H. J. Denman, American Liberty Oil Co., Dallas.

APPEALS for improvement of communications—intra-industry and extra-industry—took several roads towards the common objective of making the petroleum industry's 1956 as promising as was its share in the general economy's record 1955, at the 31st annual conference of the American Petroleum Credit Association, in Cleveland.

Unity to ward off the several threats of regimentation by federal and state governments is vital if the public is to be convinced that its interests are being protected with the industry's, in the latter's modus operandi, said Henry P. Hohenadel, manager of the economics and planning department of Cities Service Oil Company (Delaware). The ensuing discussion was presided over by E. P. Simmons, Magnolia Petroleum Company, Dallas, as president of the association.

Customer-Employee Relations

Bridging external areas and internal problems were the addresses by Professor Warren Guthrie, head of the department of speech at Western Reserve University and SOHIO Reporter, and Art Shedlin of the management consultants organization bearing his name. Mr. Shedlin pointed up the personal elements in customer-employee accord.

Following the consultant's address, Moderator F. L. Drake of Socony-Mobil Oil Company, New York, regional vice president, introduced these panelists on customer, personnel and public relations: M. V. Johnston, Gulf Oil Corporation, Pittsburgh; W. E. Stevenson, General Petroleum Corporation, Los Angeles; and J. Allen Walker, Standard Oil Company of California. Mr. Walker, western division vice president of the National Association of Credit Men, is a past president of the petroleum credit organization.

Bright Year Ahead

Predictions that 1955's marked prosperity will continue through most of this year were supported with charts and graphs by Fred O. Kiel, senior economist of the Federal Reserve Bank of Cleveland.

Mr. Kiel pointed to such basic factors as the huge gross national production, high inventories, construction holding its own, and the coming presidential and state elections.

Economic trends implementing Mr. Kiel's forecasts were brought out in a panel discussion led by the association's new president, J. P. McLaughlin, Richfield Oil Corporation, Los Angeles. Participating were R. D. Roberts, Union Oil Company, Los Angeles; W. H. Montgomery, Pure Oil Company, Chicago; W. J. Habkirk, British American Oil Company, Ltd., of Toronto; and G. J. Timone, The American Oil Company, New York.

Group sessions followed, headed by H. M. Barrentine, Skelly Oil Company, Kansas City, past president; C. W. Neve and Leo Ritzel.

Jesse A. Swaney, president of the Cleveland Association of Credit Men, was the first day's luncheon speaker.

The Reseller's Approach

A. A. Hock, Tide Water Associated Oil Company, Inc., San Francisco, regional vice president, was moderator of a panel on "The Reseller's Approach to 1956." The panel speakers and their topics: Edward Rush,

Standard Oil Company (Ohio), on credit and the retail field salesman; Gordon Gray, Cleveland Credit Bureau, for retail merchants; Frank Heiser, Cleveland Retail Grocers Association; and Don E. Woodrick, Smith Oil and Refining Company, on the independent marketer.

Budget selling in 1956 was the theme of the speaker at the final session, Paul C. Hawk, manager of tires, batteries and accessories sales, Standard Oil Company (Indiana), with a question and answer period under R. C. Utley, Aurora Gasoline Company, Detroit, regional vice president.

With President McLaughlin as chairman of the new board of directors, Mr. Johnston is co-chairman. Regional vice presidents are Mr. Hock, Mr. Richardson and A. J. Woodward, Anderson Prichard Oil Company, Oklahoma City. H. E. Butcher, Cities Service Oil Company, Chicago, continues as treasurer. The secretary, S. J. Haider, is a staff vice president of N.A.C.M.

A. A. Schmitz, FRB Cleveland, Elected by Robert Morris

Augustine A. Schmitz, manager of the credits, loans and investments department, Federal Reserve Bank of Cleveland, has been named acting president of the Cleveland Chapter, Robert Morris Associates. Formerly vice president of the chapter, Mr. Schmitz succeeds John S. Lowman, Jr., who resigned as assistant treasurer of The Cleveland Trust Company, to join The First National Bank in Fort Myers, Fla., as vice president.


A. A. SCHMITZ

Mr. Schmitz was with the Cleveland Clearing House Association before going with the Federal Reserve Bank in 1942. He is a member of the American Institute of Banking, Cleveland Chapter.

Long-Range Future Bright, Heimann Tells Northwest

"The long-range future of the American economy is bound to be very bright. If, as seems logical, we have slight setbacks from time to time, these ought to be considered in the nature of 'growing pains.' Our increase in population, our constantly rising standards of living, all demand full employment, great producing capacity and vast quantities of goods."

Speaking before the Wisconsin-Upper Michigan credit and business conference in Madison (Wis.), Henry H. Heimann, executive vice president, N.A.C.M., noted in connection with credit and international conditions: "The use of a sound credit program will do much to improve world conditions. Adoption of American consumer credit practices in Europe will create employment and improve standards of living. At no time has the influence of American credit methods and practices been studied so much abroad as today."

Walter Bunge, Milwaukee financial consultant and special instructor, University of Wisconsin, spoke on "Financial Statement Analysis." Other conference speakers were: Dr. William S. Shannon, vice president (sales), Oscar Mayer & Co., Chicago, whose topic was "Sales and Credit—A Team," and Frank M. Graner, professor of commerce, University of Wisconsin, member of State Investment Board, who discussed "Stock Trends."

It's right to love our neighbors as ourselves, as Holy Writ commands, but we wonder if the neighbor can stand that much affection.
—Anonymous

O'Keefe Heads Collections For Chicago Association

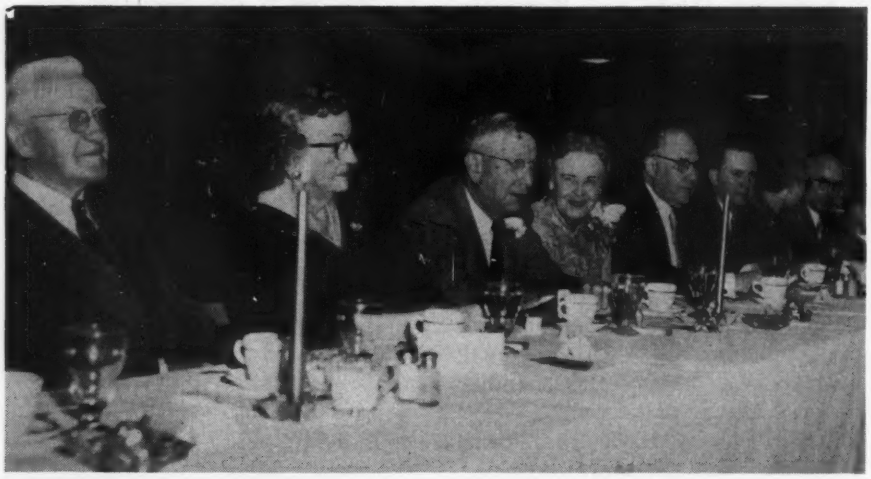
Jerome L. O'Keefe has been named manager of the collection department of the Chicago Association of Credit Men.

Mr. O'Keefe, who attended the school of business administration of Duquesne University, served as a paratrooper in World War II and saw service in the South Pacific, returning to Pittsburgh and the collection business.


J. L. O'KEEFE

He acquired a wide experience in collections as a member of the staff of one of the oldest and largest collection agencies.

Business and Public Pay Tributes to Don Neiman's 37 Years of Service



AMONG WELL-WISHERS of Don E. Neiman on his retirement as secretary-treasurer of the N.A.C.M. Central Iowa Unit: (l to r) W. S. Schmidt (retired), former N.A.C.M. director, and Mrs. Schmidt; Don Neiman and Mrs. Neiman; E. B. Moran, vice president of National and guest speaker; F. G. Phillips, Globe Machinery and Supply Company, past N.A.C.M. director and general chairman; Mrs. and Mr. M. M. Coons, Chariton Wholesale Grocery Company and president of the Central Iowa association.

CREDIT performance reaches beyond the area of the local association immediately served and becomes a vehicle of improved business economy that knows no city or even state border.

JOHN H. NEIMAN

Recognition of this fact from the 37 years of service to Credit by Don E. Neiman since that remembered day of 1919, when he became secretary of the Central Iowa Unit, National Association of Credit Men, came from many sources and in many forms on his retirement at year-end as secretary-treasurer.

Among the honor guests who participated in a testimonial dinner, at the Des Moines Golf and Country Club, in tribute to Don Neiman and with well-wishes to his son and successor in the post, John H. Neiman, were representatives of many organizations and juridical bodies—federal and county district courts, civic associations, chamber of commerce, retail credit association, company presidents, and others. Also introduced by F. G. Phillips, secretary-treasurer, Globe Machinery and Supply Company, former N.A.C.M. director, and general chairman, was a number of past presidents of the association, following the opening welcome by Marion M. Coons, credit manager, Chariton Wholesale Grocery Company, president of the unit.

National's executive offices were represented by Vice President Edwin B. Moran, guest speaker. A hand-tooled volume of congratulatory letters testimonial to a "job well done," Mr. Moran's theme, was presented to Mr. Neiman.

Membership of the Central Iowa Unit, which extends into western Illinois, more than tripled under Don Neiman's leadership. Graduate of Drake University, he entered the service of the association as manager of the Adjustment Bureau in early 1919, when C. L. Coussens was president, George F. Peck vice president and Charles W. Moon secretary-treasurer. The same year the resignation of Mr. Moon as secretary was announced, and Mr. Neiman was appointed to fill the post.

For years active in advancement of organized credit, Mr. Neiman is past president of N.A.C.M. Secretarial Council and until his retirement he was a member of the board of governors of the Credit Interchange Bureaus.

Mr. Neiman is continuing his private practice of law from his offices in Des Moines. (In the Martindale-Hubbell Law Directory Mr. Neiman has the highest rating as a lawyer—A.V.)

John H. Neiman, the new secretary-treasurer, practically grew up in the association, for at 12 years of age he was working as a file clerk in the Credit Interchange department during off-hours from school.

Graduate in law from Drake University and with two years of study at Grinnell College as well, from 1942 to 1946 he was a special agent of the Federal Bureau of Investigation, on leave of absence from the association staff. He returned as assistant secretary.

He is a member of the American, Iowa State and Polk County bar associations.

There are three children in the John Neiman menage—Richard 12, Donald 11 and Nancy 7.

An Optimist is a person who, instead of worrying about not being able to pay his bills, is glad he is not one of his creditors.

—Anonymous

4-Point Test of Good Letter Pointed Up by Ralph Johns

"Best letters are kept short, direct, simple." This advice by an advocate of letterwriting progress, Ralph Johns, executive manager of the Indianapolis Association of Credit Men, won him the column headline and copious quotation in business editor Don G. Campbell's column in the *Indianapolis Star*.

Pointing out the incongruity of using a late-model electric typewriter and clinging to an antiquated writing style, Mr. Johns recommends letter-writing clinics to analyze faults, and as a guiding text the Government Printing Office publication, "Plain Letters." The qualities of a good letter, notes Mr. Johns, are: shortness, simplicity, strength, sincerity.

Atomic Westinghouse

Carroll V. Roseberry has been named manager of newly organized atomic power activities of Westinghouse Electric Corporation, Pittsburgh, including development, design and sale of commercial nuclear reactors. Charles H. Weaver is the corporation's vice president in charge of atomic power.

E. A. ZILMER

BEGUN ON P. 9

has been extended by others; whether the customer seems to be reliable and ethical; if he has insurance on his stock; if he has life insurance, and whether it appears that he is trying to handle his affairs in such a way that he will succeed. As we gain experience with the customer in respect to how he pays his bills and how he treats his obligations, we can revise the line either upward or downward in accordance with the risks involved.

The main benefit, as we see it, is preventing small customers from buying more than it looks like they could sell or pay for. This brings into sharp focus those accounts which require analysis or revision. Consequently we would never go back to the system of doing without a credit line on each customer.

PARTICIPANTS IN SYMPOSIUM

R. O. BARROWS, whose comments on establishment of line of credit appear in this issue's symposium, is the credit manager of DeWitt-Seitz Co. in Duluth, Minn.

H. G. CASHMORE is credit manager of Federal Pacific Electric Co. in Newark, N. J.

HENRY FIEDLER, credit and collections executive of Regal Knitwear Co., Inc., New York, holds degrees in business administration from City College of New York and New York University. He started in the credit department of J. H. Semel & Co., Inc., advancing to credit and office manager. After three years as credit manager of Merchants Textile Mills, he joined Regal.

ROY L. HENRY, treasurer, Gough Industries, Inc., Los Angeles, was born and educated in Canada. After a period in California, he moved to Ontario and the accounts receivable department of the Hot Point Co. When the latter merged with General Electric Corp. he was transferred to Chicago in charge of credits. Returning to Los Angeles he became credit executive for Philco products sales of Gough Industries. He was named a director in 1940, treasurer in 1945. He served two terms on the board of Credit Managers Association of Southern California.

MURRAY V. JOHNSTON, educated at Miami University and the University of Pittsburgh, was employed by Procter & Gamble Distributing and R. M. Hollingshead Co. before joining Gulf Oil Corp., Pittsburgh, of which he is general credit manager. He has been a vice president and director of American Petroleum Credit Association; treasurer and director, Credit Association of Western Pennsylvania; director, Retail Credit Association of Pittsburgh.

HARALD H. RASMUSSEN, credit manager, Emerson Drug Co. of Baltimore City, holds the executive award of the NACM Graduate School of Credit and Financial Management, Dartmouth. Born and educated in Denmark he came to America on a grant from the commerce department of the Danish government and studied at Washington University and in the American Institute of Banking. He was with J. Schoeneman, Inc., and Ralston Purina Co. before joining Emerson Drug in 1946.

BROWNING ROBERTS, secretary-treasurer, Bass & Co., Inc., Hopkinsville, Ky., studied at Murray State College and the University of Cincinnati. He was an accountant with a coal company in Cincinnati before returning to West Kentucky with Bass & Co. as an accountant, advancing to secretary-treasurer and a director.

F. V. SWENDER, credit manager, Stowe Hardware & Supply Co., Kansas City, Mo., started with that company in 1933 and rose to city credit manager. He left in 1946 to enter the retail furniture and appliance field, thence to a wholesale meat firm and on to credit manager of a Kansas City hardware manufacturing company. He returned to Stowe in 1950 and two years later became credit manager.

EUGENE W. WALRATH, credit manager, John Deere Plow Co. of Syracuse, Inc., attended the NACM Graduate School of Credit and Financial Management at Dartmouth. Before joining the Deere company he had 15 years of auditing, office management and sales, in the implement business. At Deere his services have included purchasing, advertising and sales promotion as well as credit. He attended Syracuse University, where he has taught finance in the University college, and in Germany at Heidelberg and Munich universities. He is past president, Syracuse Association of Credit Men.

E. A. ZILMER, credit manager, Hinson Manufacturing Co., Waterloo, Iowa, is a graduate of Waterloo Business College. After war service he became assistant credit manager at Rath Packing Co. He has been Hinson's credit manager since 1924. Mr. Zilmer is a past president of the Waterloo Association of Credit Men.

FRANCIS J. NAGLE, assistant credit manager, White Fuel Corp., Boston, followed service in the U. S. Navy by joining the staff of a bank in Worcester as a bookkeeper, but he left shortly to attend the Bryant and Stratton business school. He became associated with White Fuel Corp., in 1948. He attends credit classes at Boston University.

Multiplies Expected Percentage By Debt Line As First Set

BROWNING ROBERTS, Secretary-Treasurer, Bass and Company, Inc., Hopkinsville, Kentucky

TO SET UP a line of credit, I first obtain all the financial information possible from proper sources, and information about the principals who operate the business. This is done with an endeavor to get a picture of the overall operation.

(1) I establish what I believe the overall line of credit should be for this firm.

(2) Next I endeavor to establish what proportionate share, or percentage, of overall business it would be reasonable to assume our company would obtain on a beginning basis.

(3) I then take this percentage of business we feel our company could hope for, and multiply it by the total debt line established at first, and this is the line of credit given this new account.

If our experience with the customer improves, the line of credit is raised, or conversely, if our relationship doesn't prove too good, the line of credit is lowered, or probably cancelled.

H. G. CASHMORE

FROM P. 30

a number of manufacturers, even competitors. It is, therefore, necessary to arrive at the percentage of the risk that seems essential to cover the needs of whatever firm is dealing with them.

I maintain a complete credit file on every account, getting all information possible, from all sources. It is then carefully read and analyzed, and a master sheet maintained on the top of the file, briefing or summarizing the important facts and assigning a flexible line.

I have an arrangement with the head of the accounts receivable department to notify me when an account appreciably exceeds the flexible line, appreciative amount, as of course this limit is posted at the top of each ledger sheet.

Wherever it is possible to do so, a very liberal line is assigned, to avoid unnecessary work and detail.

Periodically, the line is increased if new facts so indicate.

$400 to $405 Billion Business Activity Easily Obtainable This Year: Silverman

Total business activity of between $400 and $405 billions in 1956 is "easily attainable," says Herbert R. Silverman, vice president of James Talcott, Inc., and chairman of the board of the National Commercial Finance Conference, Inc., "if the Government adopts the right policies and if business, particularly the financial industry of which we are a part, pursues responsible policies."

Mr. Silverman's address opened the eleventh annual convention of the National Commercial Finance Conference, Inc., in New York City.

Awards for achievement and growth made possible through use of commercial finance company funds were presented to three corporations: the O. A. Sutton Corporation, Wichita, manufacturers of aircraft parts and air conditioners; the Vitamin Corporation of America, Newark, makers of Rybutol; and The Yoder Company of Cleveland, manufacturers of machines for the metalworking industry.

Walter S. Seidman, partner in Jones Company, New York, is president of the Conference. William J. Drake continues as executive vice president of the industry association.

In an analysis which, he said, discarded the outworn philosophy of "endless prosperity" that pervaded the business and investment communities in the 1920's, Charles T. Broderick, chief economist of Lehman Brothers, offered a five-part appraisal of the short-term outlook.

"Risks are the road maps to riches," declared James Q. du Pont, administrative assistant, public relations department, E. I. du Pont de Nemours & Company, Wilmington, Del., in his talk on the pattern of American success. "Do we want to keep what we've won by taking big calculated chances and go on improving it, or do we want to go backwards and lose all our God-given rights as human beings?" 'Right treatment of people,' nurtured in an atmosphere of freedom for development of brains and business, he stressed as the core of the pattern for success.

Cautioning that the current competitive situation demands that management policies in small and medi-

H. R. SILVERMAN W. S. SEIDMAN

um-sized businesses be more carefully conceived and more skillfully carried out than in the past, William R. Heins, vice president, Associates Investment Company, South Bend, emphasized greater attention to cost savings, expense reduction and productivity improvement. "There is little or no hope for present management where these concepts are ignored," he said.

Parallel in Legal Field

"The increasing extent and complexity of our economic and accounting processes, manifested for illustration, tangibly in Univac* and intangibly in automation, find their counterpart in the legal field," noted Milton P. Kupfer, general counsel for the Conference, in a summary of legislative developments and trends in the commercial financing field.

"The job of the right-thinking lawyer is to recommend that litigation be foregone where it can."

Bank and Company Jurisdiction

In a panel discussion of bank participation with commercial finance companies, Robert I. Livingston, vice president, Walter E. Heller & Company, Chicago, noted this in connection with the problem of continuity: "It doesn't seem desirable to enable either party to make loans for the joint account indefinitely into the future, but it would be cumbersome to require positive action by both lenders every time a new schedule and note comes in from the borrower."

The best solution to this problem, he thought, "is to give the finance company exclusive jurisdiction over the making and calling of loans, but to give the bank the right at any time to notify the finance company that it will participate in no further advances."

Liberalization of non-notification non-recourse factoring received the attention of Emanuel P. Lewis, vice president, James Talcott, Inc., New York.

*Remington Rand.

CALENDAR OF EVENTS IMPORTANT TO CREDIT

SEATTLE, WASHINGTON
March 15-16
Annual Northwest Credit Conference, comprising Washington, Oregon, Idaho

BROOKLINE, MASSACHUSETTS
March 28-29-30
Credit Management Workshop

CINCINNATI, OHIO
May 10-11
Annual Conference of N.A.C.M. Secretary-Managers

CINCINNATI, OHIO
May 13-17
60th Annual Credit Congress and Convention, National Association of Credit Men

STANFORD, CALIFORNIA
July 8-21
Stanford University Session of the N.A.C.M. Graduate School of Credit and Financial Management

HANOVER, NEW HAMPSHIRE
August 5-18
Dartmouth College Session of the N.A.C.M. Graduate School of Credit and Financial Management.

BRAINERD, MINNESOTA
(Pelican Lake)
September 6-7-8
North Central Credit Conference, including Minnesota, North Dakota and Winnipeg

SOUTH BEND, INDIANA
September 14
Northern Indiana and Southern Michigan Credit Conference

WATERLOO, IOWA
September 19-20-21
Tri-State Credit Conference, comprised of Iowa, Nebraska and South Dakota

ST. LOUIS, MISSOURI
October 17-18-19
Tri-State Annual Credit Conference, including Kansas, Missouri and Oklahoma

SAN DIEGO, CALIFORNIA
October 25-26
Pacific Southwest Annual Credit Conference

TOLEDO, OHIO
October 25-26
Ohio Valley Regional Conference, covering Ohio, Western Pennsylvania, West Virginia, and Eastern Michigan

TOLEDO, OHIO
October 26-27-28
Midwest Credit Women's Conference

HOUSTON, TEXAS
November 8-9-10
All-South Credit Conference, covering Entire Southern Division

Public Determines Trend of The Economy, Says Paul Viall

"The question of how the economy goes depends more upon the intelligence, moral character and informed action of our people than has been the case in any past period." The speaker, Paul J. Viall, president of the National Association of Credit Men, pointed out to executives assembled in Fort Worth for the three-day Southwest Credit Conference why our economy, now at the highest point in America's history, in no way resembles that of 1929 and why there will not now be a repetition of that period.

Three fundamental features that distinguish the American economy from that of any other major nation and are applicable to his forecast that the upward movement of our economy will continue, were cited by the treasurer of the Chattanooga (Tenn.) Medicine Company: (1) competition under our free enterprise system; (2) obsolescence of commodities; and (3) use of consumer credit.

"Competition," Mr. Viall said, "tends to keep quality up and prices down. Our public discards and replaces products where in other countries they are used until worn out. Credit has made possible the fabulous growth of our standard of living."

Arthur A. Smith, vice president and economist, First National Bank, Dallas; Berl E. Godfrey, Fort Worth attorney and board chairman, Bank of Commerce, and George A. Giese, regional vice president of Dun & Bradstreet, Inc., Dallas, were other conference speakers.

Henry H. Heimann, executive vice president, National Association of Credit Men, speaking at the closing general session, predicted that "a considerable change in our basic social concept will follow the new developments in the fields of energy and power, which may be even more significant in other countries. Other lands are lacking raw materials that constitute the source of power we now utilize. Thus of necessity they will be driven to the adoption of new sources, to develop power without the need of large amounts of basic raw materials."

Industry Group meetings also were held for the executives from Texas, Louisiana, Arkansas, Oklahoma, New Mexico and Arizona who assembled for the conference. General chairman was C. C. Heitmann (retired), councillor of the Fort Worth Association of Credit Men. John L. Wilson, Nash Hardware Company, is president of the host Fort Worth association.

Deaths

Oswald Foster Dies in Houston; Held Credit Institute Award

A. Oswald Foster, assistant credit manager of Magnolia Petroleum Company, Houston, who died en route to a hospital following a heart attack, was a holder of the Fellowship Award of the National Institute of Credit and a member of the Houston Association of Credit Men.

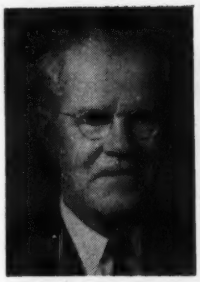
Mr. Foster in 1953-54 had been president of the Houston Retail Credit Association.

E. F. Phillips Dies

The death of E. F. Phillips, Spokane manager, Crane Co., came three months before he would have completed 40 years of service with the company. He was president of the Spokane Merchants Association 1953-54 and a trustee for several terms. He started as office boy in Sacramento in 1916.

S. W. Beale Dead

Death came to S. W. Beale, St. Joseph, Mo., several years after his retirement as credit manager of American Electric Company.


J. R. TUTTLE


W. L. HOUSE

Executives in the News


W. R. EHRMANNTRAUT


L. B. OSWALD


E. W. SASSE


H. P. MAC DONALD

Chairman-President Joined Company as the Controller

John R. Tuttle, the new chairman and president of Crouse-Hinds Company, Syracuse, N.Y., had joined the company in 1933 as controller, and became treasurer and vice president.

Graduate of Yale University in 1913 he went on to his master's degree in electrical engineering from Harvard two years later.

A director of the National Association of Cost Accountants and president of the Syracuse chapter, Mr. Tuttle is also a director of the National Casket Company, Boston. and the Straight Line Foundry and Machine Corporation, Syracuse.

"Go West" Leads to Kansas City Thence to Omaha Managership

After a year in a bank at Sedalia, Missouri, his home, L. B. Oswald heeded a call that seemed to advise, "Go west, young man," but it proved to be only an echo, that is, beyond Kansas City. There he entered the bookkeeping department of Sherwin-Williams Company, and became credit manager of one of the branch stores.

In 1934 he joined Cook Paint and Varnish Company, and a year later was transferred to the company's Omaha Northern Division, where he now is credit manager. Mr. Oswald is this year the president of the Omaha Association of Credit Men.

With a man-child, Robert, 11 years old, interest in Cub and Boy Scout has active support right at home.

Credit Education Progress For Management Is Goal

W. LeRoy House, elected assistant treasurer of Allison-Erwin Company of Georgia, with headquarters in Atlanta, will supervise credits and accounting for the company's newly organized four branches. Earlier he was credit manager of The Electric Supply Company, Atlanta.

President of the Georgia Association of Credit Men and a director of the National Association, Mr. House has long been active in advancement of education and organization of credit executives. (See CFM September 1954, p. 16.)

Training and Education Forte Of Pittsburgh's Credit Leader

Out of a long period of service of credit training and organization, in Chicago, New York and Pittsburgh, Herbert P. MacDonald is the new president of the Credit Association of Western Pennsylvania.

Equally consistent has been his business story, with completion of a management course at the University of Pittsburgh, in the school of business administration. Starting in 1920 in Chicago as an officeboy, his entire career has been with Westinghouse, where he is assistant treasurer, assistant secretary and credit manager of Westinghouse Electric Corporation, and assistant treasurer and assistant secretary, Westinghouse Credit Corp.

Entire Business Career Is In Service of One Company

When an executive's entire business career is in association with one company, that fact in itself is evidence enough of mutual faith and service. So with William R. Ehrmanntraut, now New York resident vice president of American Surety Company. The one interruption in this affiliation was a World War I stint as a U.S. Navy aviator.

Mr. Ehrmanntraut heads the Casualty and Surety Club of New York, is past president of the New York City Casualty Managers Association and of the American Legion Children's Camp at Roosa Gap, N.Y. He is on the executive committee of the Insurance Federation of New York, served for years on the legislative committee of the New York Credit and Financial Management Association.

Shipping Clerk to Controller And Credit Unit's Presidency

From shipping clerk to controller represents a long haul up any executive ladder, and Ernest Walter Sasse had to include four years of service as infantryman and captain and company commander in the mid-Pacific theatre of World War II. Returning to the staff of the Lone Star Brewing Company in San Antonio, he successively moved up to accounting clerk, office manager and auditor, assistant secretary and assistant treasurer, before adding the controllership to the two last-named titles.

Besides the presidency of the Southwest Texas Wholesale Credit Men's Association, Mr. Sasse is a vice president of the National Association of Cost Accountants and past vice president of the Junior Chamber of Commerce. He was cashier of Jacob E. Decker & Sons before joining Lone Star. Photography and hunting are his outside interests.

Reports from the Field

PHILADELPHIA, PA.,—J. A. Livingston, financial editor, *The Evening Bulletin*, was the speaker and Harry A. Cochran, treasurer of Temple University and dean of the school of business and public administration, was guest of honor at the annual credit educational luncheon of the Credit Men's Association of Eastern Pennsylvania.

Leonard A. Drake, economist, Chamber of Commerce of Greater Philadelphia, addressed the Industrial Credit Club.

BOSTON, MASS.—Mrs. Bernice D. Parks, assistant treasurer, Provident Institution for Savings, told the members of the Boston Credit Men's Association that out-of-state investments by Massachusetts savings banks exceed a billion dollars.

Carleton W. Richardson, vice president, United Business Service, spoke on the business outlook at a dinner meeting of the Boston chapter, National Institute of Credit. Prof. William M. Stewart, registrar, school of business, Northeastern University and director of the evening division of liberal arts, had as his subject "A Salesman Talks to Credit Men", at an earlier dinner gathering.

CINCINNATI, OHIO—Among speakers at recent luncheon meetings of members of the Cincinnati Association of Credit Men were Phillip R. Adams, director of the Cincinnati Art Museum, Chuck LaVelle on football scouting, Irwin Stumborg of Baldwin Piano Company, central division vice president of the National Association of Credit Men, and Mayor Carl Rich on the future of Cincinnati.

HARTFORD, CONN.—W. W. McAdam, National Association of Credit Men, was moderator in a panel discussion before the Hartford Association of Credit Men. Participating were Roy Sypher, American Screw Co.; Robert W. Chapponi, Arrow-Hart; Gordon Helmstetter, Resolute Insurance Company; Samuel Rhodes, Hartford National Bank; John J. Blesso, Frank Blesso, Inc., and A. A. Wynn, Roskin Distributors.

KALAMAZOO, MICH.—Communications skills were discussed under the title "Understanding Our Misunderstandings," by Dr. William G. Butt, Michigan State University, before the members of the N. A. C. M. Southwestern Michigan Chapter. Speakers at other recent meetings: Dr. Cleo Dawson, psychologist, writer and lecturer, and Congressman August E. Johansen.

SEATTLE, WASH.—Governor Arthur B. Langlie of Washington was the speaker at a dinner session of the Seattle Association of Credit Men.

BINGHAMTON, N. Y.—Aspects of the bankruptcy law were discussed by Judge David J. Goldstein, referee, U. S. district court, at a joint meeting of the Triple Cities Association of Credit Men and the Triple Cities Credit Women's Club.

WORCESTER, MASS.—"Guide Post to Credit" was the topic of John Ware, Jr., assistant vice president, the National Shawmut Bank of Boston, addressing members of the Worcester County Association of Credit Men at a dinner meeting.

Western European nations should adopt mass production if they are to take advantage of the booming American market, members were told at a previous session by Philip J. Gray, director, Foreign Department, National Association of Credit Men.

KANSAS CITY, MO.—A credit seminar of the Kansas City Wholesale Credit Association attracted interest and attendance at the four meetings. First came a panel discussion of faltering accounts, with John Winton of Linde Air Products as moderator and these participants: Mrs. B. Bateman, Franklin Ice Cream Company; Paul Kirner, Carter-Waters; Ed Arnsburger of Vendo, and Leon Snitz, Fairbanks-Morse. At succeeding sessions, speakers and subjects were: Attorney Thomas D. Circle on negotiable instruments, Attorney Paul Berman on pitfalls in collection procedures, and a discussion of guaranties and sureties with R. M. Perkins of Superior Distributing Company speaking from the credit manager's viewpoint and Don Casper of Speed-Warner, Inc., for the insurance companies.

MINNEAPOLIS, MINN.—Speakers at membership meetings of the Minneapolis Association of Credit Men included Congressman Walter H. Judd, and Richard F. Jesberg of the industrial financing and mortgage loan division of Prudential Insurance Company.

ROCHESTER, N. Y.—Dr. F. Alexander Magoun of Human Relations, Inc., addressed the Rochester Credit and Financial Management Association, Inc., on problems of the human element in business.

FOND DU LAC, WIS.—"Your Credit Information," "Collection Procedure," "The So-Called Intangibles of Credit," a panel discussion of the Central Wisconsin Association of Credit Men dinner meeting, had as discussion leaders Vern S. Ames, Kimberly-Clark Corp., Neenah; R. C. Creviston, secretary-manager of the local association; and William O. Wanvig, secretary, Globe-Union, Inc., N.A.C.M. director. Committee members were: Jerome D. Wolf, First National Bank, Fond du Lac; Carl A. Biederman, Oshkosh National Bank; Edward Goick, Casey Manufacturing Co., R. L. Wollangk, United States Motors Corp.; and Leo Jagdfeld, Fred Rueping Leather Co., area director.

DETROIT, MICH.—Lewis E. Zender, director of public relations, United States Steel Corp., Cleveland district, and former financial writer for the *Wall Street Journal*, had for his topic "Governors All," at the meeting of the Detroit Association of Credit Men.

GRAND RAPIDS, MICH.—Irwin Stumborg, assistant treasurer, Baldwin Piano Co., Cincinnati, vice president for the central division, N.A.C.M., spoke before the Grand Rapids Association of Credit Men on "Credit, the Credit Executive, and the Credit Association."

CHARLESTON, W.VA.—James D. Ford, assistant vice president in charge of credits and collections, Weirton Steel Co., Weirton, W.Va., discussed the topic "Looking Both Ways on Our Economic Road," at the dinner meeting of the Charleston Association of Credit Men. Mr. Ford, a director of the N.A.C.M., also is assistant treasurer of National Steel Corporation.

INDIANAPOLIS, IND.—The first in an Economic Forum series has been held by the Indianapolis Association of Credit Men.

ALBANY, N.Y.—Professor Lawrence Abbott, associate professor of economics, Union College, and contributing editor to *Time*, discussed the federal budget dilemma at the dinner meeting of the Eastern New York Association of Credit Executives.

MANSFIELD, OHIO—J. M. Struchen, vice president, National City Bank of Cleveland, was principal speaker at the dinner meeting of the N.A.C.M. North Central Ohio Division.

Big like Douglas Aircraft

Or growing like U.S.Divers

Burroughs Sensimatics can cut your accounting costs

Two leading California manufacturers—different products, different problems. Yet both use Burroughs Sensimatic Accounting Machines to save fat chunks of their two biggest assets—time and money.

U. S. Divers Corporation in West Los Angeles, makers of the skin-diver's famed "Aqua-Lung," needs just *one* Sensimatic. While multi-million-dollar Douglas Aircraft uses *several*.

To take on all comers the way it does, a Sensimatic *must* have something extra special—and it does! Its *equalizer* is a four-sided knob which acts like the gear shift in your car—one quarter-turn shifts the controls or "sensing panel" from one accounting job to another... gives you *four* specialized accounting machines in *one*. And that's a sound investment for any size business.

Moreover, for other operations or even a new system, you simply slip in another four-job panel. And this not only takes the trouble and expense out of changing accounting methods; it also keeps *today's* Sensimatic modern *tomorrow*.

Sensimatics come in six different series—two to 19 totals. We will gladly demonstrate the one you prefer. Call our branch nearest you, or write Burroughs Corporation, Detroit 32, Michigan.

Wherever There's Business There's Burroughs